FOREIGN BROADCAST INFORMATION SERVICE

Daily Report

Latin America

FBIS-LAT-94-044
Monday
7 March 1994

Daily Report
Latin America

FBIS-LAT-94-044 *7 March 1994*

CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.
An Ω indicates a Foreign Media Note.

INTER-AMERICAN AFFAIRS

'CA-3 Group' To Negotiate Accord With Mexico *[ACAN]* 1
Parlacen Endorses Human Rights Ombudsman *[NOTIMEX]* 1

CARIBBEAN

Cuba

Castro Examines Flood Measures in Havana *[Havana Radio]* 2
Workers Back Price Hikes, Reduced Subsidies *[Havana Radio]* 2
Matanzas Party Secretary on Potato Harvest *[Havana TV]* 3
Journalists on Human Rights 'Fallacy' *[Havana Radio]* 3
Roundup of Economic Activity *[Havana Radio, TV]* 5
Diplomats Tour Havana Province Agricultural Centers *[Havana TV]* 6
Russian Association Chairman on Cooperation *[Havana Radio]* 6
'Important' Accords To Be Signed With Colombia *[Havana Radio]* 6
Colombian Envoy on Increasing Negotiations *[Havana Radio]* 6
Robaina Departs on Seven-Country Asian Trip *[Havana TV]* 6

Haiti

Aristide Spokesman Explains Flynn Visit to Haiti *[Port-au-Prince Radio]* 7
Further on CONACOM 3 Mar News Conference *[Port-au-Prince TV]* 7
Army Said To Oppose Legislative Initiative *[NOTIMEX]* 8

NAFTA

Mexico's Serra on Foreign Investment Law *[EL FINANCIERO 1 Mar]* 9
Serra, Canada's MacLaren on Expanding NAFTA *[LA JORNADA 1 Mar]* 9
Swedish Firms Cut Mexico Investments *[VECKANS AFFARER 2 Feb]* 10

MEXICO

Marcos Urges Civilian Commitment to Peace *[Madrid EFE]* 11
Views Future of Peace Negotiations *[LA JORNADA 4 Mar]* 11
Salinas Orders Compliance With Chiapas Commitments *[Mexico City Radio]* 14
PRI Members Partially Burn Municipal Palace *[Madrid EFE]* 15
PRD Secretary General Denies Links to EZLN *[EL FINANCIERO 2 Mar]* 15
Canadian Foreign Minister Continues Visit 16
Holds Meeting With Tello *[NOTIMEX]* 16
Further on Meeting *[Mexico City TV]* 16
Increasing Trade Viewed *[EL FINANCIERO 2 Mar]* 17
Lifting of Cuban Embargo Urged *[LA JORNADA 2 Mar]* 17
Serra Praises Free Trade Accord With Costa Rica *[NOTIMEX]* 18
Pemex Postpones Sale of Petrochemical Plants *[EL FINANCIERO 4 March]* 19

CENTRAL AMERICA

Costa Rica

Trade Talks Between Costa Rica, Mexico End *[NOTIMEX]* 20
Calderon Views Free Trade Accord With Mexico *[ACAN]* 20
Funds Earmarked To Pay for Expropriated Lands *[LA REPUBLICA 25 Feb]* 21
Customs Investigates Entry of Precursor Chemicals *[LA REPUBLICA 28 Feb]* 21
Consumer Price Index Grows by 1.2 Percent *[ACAN]* 21

El Salvador

Survey: Arena Will Need 2d Round To Win Election *[ACAN]* 21
Poll Puts Arena in Lead, FMLN Coalition Second *[San Salvador TV]* 22
Citizens of East, Center, West on Court Elections *[EL MUNDO 2 Mar]* 22
Central Bank Denies Plans To Devalue Colon *[San Salvador TV]* 23
Zamora Outlines Economic Philosophy, Plans *[LA PRENSA GRAFICA 3 Mar]* 23
Bodies Agree Human Rights Violations Increasing *[San Salvador Radio]* 25
Editorial Views Illegal Entry Into U.S. *[EL MUNDO 2 Mar]* 25

Guatemala

Ambush Against Army Leaves 5 Dead, 2 Injured *[PRENSA LIBRE 3 Mar]* 26
Explosion of 2 URNG Propaganda Bombs Confirmed *[ACAN]* 26
Minister: Strikes Part of Destabilization Plan *[PRENSA LIBRE 3 Mar]* 26
Authorities Discover Arms Shipment at Airport *[Guatemala City TV]* 27
Illegal Aliens Complain of 'Outrages' in Mexico *[PRENSA LIBRE 3 Mar]* 27
State Absorbs Diesel Fuel Price Differential *[PRENSA LIBRE 2 Mar]* 27

Honduras

Reina Comments on Political Commitments, Borders *[Tegucigalpa Radio]* 28
President Rejects World Bank Recommendations *[Tegucigalpa Radio]* 28
SIECA Official Calls For Negotiating Bloc *[EL PERIODICO DE HONDURAS 3 Mar]* 29
Minister on Hondutel's Privatization, Corruption *[LA PRENSA 3 Mar]* 30
Communications Director Clarifies Devaluation *[Tegucigalpa Radio]* 30
Foreign Currency Purchases To Be Reduced 31

Nicaragua

El Salvador's Cristiani Visits, Meets Chamorro 31
Chamorro Decorates Cristiani *[Managua Radio]* 31
Cristiani on Common Goals *[Managua Radio]* 31
Cristiani Refuses FMLN Demands *[BARRICADA 5 Mar]* 31
Joint Statement Issued *[ACAN]* 32
FSLN Proposes Bases for North Atlantic Government *[BARRICADA 3 Mar]* 32
Technical Assistance Pact Signed With Norway *[Managua TV]* 33
'Diplomatic Offensive' To Sign IMF Agreement *[BARRICADA 4 Mar]* 33
Minister Admits Plans To Dismiss 15,000 Workers *[BARRICADA 2 Mar]* 34

Panama

Costa Rica's Calderon Pays Official Visit 34
Bilateral Trade Discussed *[Panama City TV]* 34
Banana Policy Viewed *[Panama City TV]* 34
President on Drug Operations, Need for New Law *[ACAN]* 35
Attorney General: DEA Violates Sovereignty *[EL SIGLO 5 Mar]* 35
PDC Candidate: U.S. Senate Distrusts Authorities *[EL SIGLO 5 Mar]* 36
Perez Rules Out Military Dictatorship Under PRD *[EL PANAMA AMERICA 2 Mar]* 36

SOUTH AMERICA

Argentina

Menem Blames 'Ultraleftists' for 2 Mar Violence *[CLARIN 4 Mar]* 38
Army Relief Troops Depart for Croatia 3 Mar *[CLARIN 4 Mar]* 38

Bolivia

Ex-President's Secretary Held on Drug Charges *[Madrid EFE]* 39
Attempt To Arrest Secretary Protested *[La Paz TV]* 39
Secretary Denies Arrest *[Madrid EFE]* 39
Secretary Says Niece Mistakenly Detained *[Madrid EFE]* 39
Secretary, Former Officials Summoned *[La Paz Radio]* 40
Effects of La Paz Civic Strike Viewed *[La Paz TV]* 40

Brazil

Decision Not To Use Super 301 Against Brazil Praised *[GAZETA MERCANTIL 2 Mar]* 40
Foreign Investment in Stock Exchange Restricted *[O GLOBO 3 Mar]* 41
Cardoso Views Minimum Wages, Privatization *[O GLOBO 3 Mar]* 42
Congressmen Decry Economic Plan, Urge Changes *[O ESTADO DE SAO PAULO 1 Mar]* 43
Political, Economic Officials View Economic Plan *[O ESTADO DE SAO PAULO 1 Mar]* 43
Business Leader Analyzes New Economic Plan *[O ESTADO DE SAO PAULO 1 Mar]* 45
Central Bank To Monitor Dollar Rate To Set URV *[O ESTADO DE SAO PAULO 1 Mar]* 46
Cardoso's Possible Presidential Candidacy Viewed *[O ESTADO DE SAO PAULO 2 Mar]* 46
PSDB, PFL Seek Alliance on Cardoso Candidacy *[O GLOBO 2 Mar]* 47
Governor Declares Himself 'Obvious' PFL Candidate
[O ESTADO DE SAO PAULO 2 Mar] 47
Poll Shows Cardoso Candidacy Gaining Strength *[O ESTADO DE SAO PAULO 3 Mar]* 48
Record Agricultural Harvest Expected This Year *[Brasilia Radio]* 48
Roundup of Economic Reports *[GAZETA MERCANTIL 25 Feb, etc.]* 48

Chile

Documents on Chemical Weapons Seminar Released *[Madrid EFE]* 49
Supreme Court Orders Brazilian Citizen's Release *[Santiago TV]* 49

Colombia

Technical Investigations Corp Director Murdered *[Santa Fe de Bogota TV]* 49
Attorney General on Negotiations With Traffickers *[EL TIEMPO 26 Feb]* 49
Official Says Fight Against Drugs Has Not Failed *[EL NUEVO SIGLO 27 Feb]* 50
Presidential Hopefuls View Drug Trafficking *[Santa Fe de Bogota TV]* 50
Unidentified Aircraft To Be Shot Down *[Santa Fe de Bogota TV]* 50
Bomb Injures Five At Barranquilla Rally *[Madrid EFE]* 51
De Greiff Regrets Church Talks With Guerrillas *[EL TIEMPO 1 Mar]* 51
Church Clarifies Conduct *[Santa Fe de Bogota TV]* 51
Ministers Say 'Democracy Plan' Guarantees Elections *[Madrid EFE]* 52
Roundup of Electoral Developments 3 Mar *[EL TIEMPO 20 Feb, etc.]* 52
Foreign Ministry Denies Negative Placet Given to U.S. Envoy *[EL NUEVO SIGLO 27 Feb]* 53
Mines Minister Denies Oil Agreement With Cuba *[NOTIMEX]* 53

Ecuador

Foreign Ministry Summons U.S. Envoy on Remarks *[Madrid EFE]* 53
Foreign Ministry May Take Action *[Quito Radio]* 54
Minister on Oil Sector Modernization, Production *[Quito Radio]* 54

Peru

Government Extends State of Emergency in Apurimac *[Hamburg DPA]* 54
DPRK Vice President Heads Visiting Delegation *[EL COMERCIO 23 Feb]* 54
Roundup of Insurgent Activities *[EXPRESO 5 Feb, etc.]* 54

Uruguay

Record Import Level in 1993 *[Madrid EFE]* 55
Roundup of Economic Reports *[Madrid EFE, etc]* 56

Venezuela

Caldera, Brazil's Franco To Increase Cooperation *[Caracas TV]* 56
Joint Communique Issued *[Brasilia Radio]* 57
Chamber of Deputies Approves Bank Deposit Law *[Caracas TV]* 57
Finance Minister Explains Tax Collection Changes *[Caracas TV]* 57
Government Has No Plans To Increase Gas Prices
[REPORTE DE LA ECONOMIA 3 Mar] 58
Five More Officers Involved in Coup Released *[Caracas TV]* 59

'CA-3 Group' To Negotiate Accord With Mexico

PA0503023694 Panama City ACAN in Spanish 2200 GMT 4 Mar 94

[Text] Guatemala City, 4 Mar (ACAN-EFE)—Guatemalan Foreign Trade Minister Eduardo Gonzalez said the free trade treaty that Costa Rica and Mexico will sign in April will serve as an example and as a foundation for negotiations by the Central American Northern Triangle, formed by Guatemala, El Salvador, and Honduras.

The Guatemalan official told ACAN-EFE that the Mexican-Costa Rican agreement is "positive" and added that "we have been closely following the process that Costa Rica was carrying out with Mexico." Nevertheless, he said Guatemala has decided along with Honduras and El Salvador, which form the so-called CA-3 [Central America-3] group, to jointly negotiate an economic agreement with Mexico. "The agreement between Costa Rica and Mexico will serve as an example and a foundation for the negotiations" that will be held with the Mexican authorities, he said. Gonzalez announced that the CA-3 technical groups will meet in El Salvador on 7 and 8 March to continue analyzing a joint mechanism for an economic complementation agreement with Mexico, which jointly with the United States and Canada forms the world's biggest economic bloc.

Ministers of the three Central American countries are scheduled to meet with their Mexican counterpart, Herminio Blanco [name as received], on 11 March to analyze the marketing obstacles that some products of the region have in Mexico.

Gonzalez said efforts will be made to have the closer trade ties with Mexico lead to Central America's integration into the NAFTA.

Parlacen Endorses Human Rights Ombudsman

PA0403232994 Mexico City NOTIMEX in Spanish 2247 GMT 3 Mar 94

[Text] Guatemala City, 3 Mar (NOTIMEX)—Official sources disclosed that the Central American Parliament (Parlacen) today endorsed the adoption of a human rights ombudsman position in order to protect the individual rights of the regions' more than 30 million inhabitants.

The project was promoted by Guatemalan Deputy Juan Ayerdi Aguilar and is part of the recommendations emanating from the August 1993 First Human Rights Seminar organized by the respective Parlacen commission in Tegucigalpa, Honduras. Human rights ombudsmen representing each of the Parlacen member countries participated in the seminar.

The new ombudsman will be a Parlacen commissioner who will have to observe the political constitutions of each member state, the universal declaration of human rights, as well as treaties and agreements signed between the regions' governments. The ombudsman will also have his own legal status and will be independent from any human rights organization, institution, or official but will respect the jurisdiction of the other countries human rights ombudsmen.

Ayerdi Aguilar explained that any candidate who seeks to occupy the position must be a lawyer with at least five years professional experience as well as a citizen of one of the Parlacen member countries. The ombudsman will enjoy the same prerogatives and immunities as Parlacen deputies.

The position is not open to public sector workers, national congress or Parlacen deputies, or leaders of political parties, workers unions, or business associations. Neither will the position be open to persons who are ministers of any religious denomination. In addition, the person selected will be barred from participating in his profession during his term as ombudsman.

The candidate will be selected by the full Parlacen Assembly with a favorable vote of at least two-thirds of the total number of deputies. In addition, the candidate's nationality will be determined in accordance with the order in which the presidents were elected to the regional forum. For that reason, the first ombudsman will be a Guatemalan national since Roberto Nicolle Carpio, who first presided over the Parlacen, originates from Guatemala.

The human rights ombudsman will hold the position for three years and will not be eligible for reelection.

Ayerdi explained that there will also be a deputy ombudsman who will substitute for the official ombudsman in case of temporary absence. The selection of an assistant ombudsman will follow the same procedure as those established to select the regular ombudsman.

Cuba

Castro Examines Flood Measures in Havana

FL0303145794 Havana Radio Progreso Network in Spanish 1200 GMT 3 Mar 94

[Text] Live, from the Civil Defense command post in Plaza [de la Revolucion] Municipality, we received news of the tour made last night by President Fidel Castro, which lasted into the wee hours of this morning, as well as about the news conference held there. From Edelberto Garcia, at the command post, we have a report:

[Garcia] Good morning, "First Thing in the Morning" listeners.

In the wee hours this morning, Commander in Chief Fidel Castro visited the command post of the Defense Council of Plaza de la Revolucion Municipality, which was activated yesterday in view of possible imminent storm surges along this part of the Havana coastline. So far, however, there have been only slight surges.

Fidel arrived at this coordinating point for the municipality—which is located at the headquarters of the Communist Party of Cuba [PCC]—at 0220 and quickly asked how penetration by the sea might affect the area. This is the second threat of storm surges so far this year.

(Eduardo Tejera), PCC first secretary in Plaza de la Revolucion Municipality, briefed the leader of the Revolution on the measures that have been taken, which include the moving of all foodstuffs from gastronomic and commercial centers, the cleaning of storm drains, and the evacuation of 50 percent of the tourists lodged at the Habana Riviera Hotel.

Fidel explained that he had visited the Riviera Hotel area and had been able to see the measures that had been taken, as well as the retaining wall built recently in front of the hotel to reduce the effect of the waves. In this connection, he explained the importance of providing protective mechanisms for any new hotels that may be built in these areas because everything seems to indicate that, as a result of several phenomena, these surges will tend to increase.

Fidel pointed out: We have already had two threats this year; and this one is still not over, because there will be another high tide at noon today and with it returns the threat of possible flooding in low-lying areas of five municipalities in this capital.

The commander in chief had a long and pleasant talk with reporters until after 0330. Fidel insisted—and I wish to stress this to our listeners—on his concern that the population remain attentive to the reports issued by the weather institute in the next few hours. By the way, there will be a meeting at approximately 0700 today at the headquarters of this city's provincial government to take specific measures in this connection.

This has been Edelberto Garcia, reporting from the command post of the Defense Council of Plaza de la Revolucion Municipality for "First Thing in the Morning."

Workers Back Price Hikes, Reduced Subsidies

FL0503031594 Havana Radio Progreso Network in Spanish 1200 GMT 4 Mar 94

[By Rosa Maria Godoy]

[Text] Greetings to all listeners of this program. Working under the sun and at the seashore, challenging and transforming nature, the men here are placing rock upon rock to build the road that will link one piece of land with another. These builders are grouped within the Las Villas Campaign contingent, the goal of which is to complete the rock-fill embankments that will link Caibarien with the northern villages. I met them while participating in the contingent's parliament. Pedro Ross Leal, secretary general of the Cuban Workers' Federation, also attended this parliament.

Unlike the other contingents we visited, the workers here did not talk about difficulties, lack of fulfillment, inaction, inefficiencies, or other irregularities. These men of legend, as Ross Leal described them, proudly outlined their achievements: the 41,358 meters of embankment they completed, the 24 bridges they built, the low production-cost rate, and the low accident rate, among others, which are victories of our history.

They also told us about their ingeniousness to save and protect the scarce raw material, as in the case of the 18-gauge wire that is used to tie the rods [cabillas]. This wire was replaced by steel belts taken from discarded tires. And the 24 bridges were built with wood models which were used from beginning to end.

The Las Villas Campaign contingent has only 7 km left, to complete the rock-fill embankment from the northern part of Villa Clara to Caibarien. Our daily deeds and achievements are recorded all along that white rock-fill strip in the middle of the sea. At the parliaments, those workers from Villa Clara have reaffirmed their willingness to keep building efficiently, with the same quality that has always characterized them. These projects are sponsored by several organizations.

Concerning the country's internal finances, the members of the Las Villas Campaign contingent defended the liberalization and increases in alcoholic beverage and cigarette prices, maintenance of the revolutionary achievements such as public health and education, and the payment of some gratuities.

[Begin recording of unidentified speaker] In fact, since 1959, through the first article of the Constitution, the Revolution has provided for man's full identity. This was also one of the first things I discussed with Marti [not further identified]. The government has been subsidizing a large number of products for the people, and I think the time has come for us workers to make some

sacrifice. Let us begin by admitting that in order to guarantee the continuation of the free education and health programs given to us, the state to a certain extent needs to collect something in order to maintain those services. These services require much money.

For instance, I was watching television the past few days, and I think that 99.9 percent of us watch that television series. How many people are watching that series? Imagine how much could be collected if each Cuban had to pay no more than one peso for watching such shows. Or perhaps we could pay in accordance with the quality of the show. If the show is of lesser quality, then we should pay a little less. But why should we be reluctant to pay for something we enjoy watching, something the people enjoy watching? Why should we reject the idea of accruing a given amount of money to be self-sufficient in sports in this country, for instance, because the state has been fully financing this.

There are other aspects: water, for instance. All Cubans are now receiving water free of charge. We are not thinking of installing meters at this moment because it would be a rather complex situation. But we could establish a fixed monthly payment for water, and that would also provide some income for the state.

Electricity is another aspect that requires more attention. It consumes much fuel, which also has a high cost. We must increase the per-kilowatt cost of electricity because that would also create the habit of conserving electricity among the people. We must make a sacrifice. And whom are we going to ask to make sacrifice but the revolutionary workers. For this reason, we believe that all aspects that are subsidized by the state must be thoroughly analyzed and to the extent possible, increased in price to prevent further subsidies. [end recording]

Matanzas Party Secretary on Potato Harvest

FL0503165594 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 5 Mar 94

[Excerpts] Granma Province is already reaching yields of 5,000 quintals of potatoes per area [as heard]. Meanwhile, in Matanzas Province it will be impossible to reach the expected 1 million quintals during the present season due to the plague that affects the crops.

These potato plantations are affected by the phytopdae [fitoptera], a fungus commonly known as late blight. Its appearance and rapid propagation is associated with weather conditions, temperature, and humidity, which are ideal for its development. The strict sanitary control of the crops allowed its rapid detection and the design of a program to minimize its effect. [passage omitted]

A great amount of resources is being used against the plague. They have applied tonnes of imported chemical products by crop dusting. The effort of the men and women has been decisive. Nevertheless, effects on the crops have already been seen, but the effects can only be evaluated once the season concludes.

Politburo member Yadira Garcia, first secretary of the Communist Party of Cuba [PCC] in Matanzas Province, toured the potato producing fields of Jovellanos Municipality accompanied by officials and specialists of the Ministry of Agriculture [Minag]. Angel Berriel, delegate of the Minag in Matanzas, reported that so far the majority of the crops have been affected: 23 caballerias severely affected, and 12 completely defoliated. In the midst of well-known economic limitations, the country's leadership has assigned the necessary resources to confront the situation. There has been a recovery in areas which were severely affected, and the harvest in those areas is promising.

Part of the strategy consists in optimizing the harvest as never before, making sure that not one potato is left in the fields. That has been the instruction given by the PCC.

[Begin Garcia recording] During the harvest, we must strive to do the best to ensure a good harvest. It must be a quality harvest. There are always challenges. That is something that is inevitable with the potato crops. Despite this we must work in the harvest with the dedication of all forces of each municipality, which is what we are doing now with the beginning of the harvest. We are giving a positive answer to the problem. [end recording]

It has been said that regarding agriculture, nature imposes its laws. But the dedication and the intelligence of men and women also has its effect. It will now be impossible for Matanzas to reach the 1 million quintals of potatoes. The phytopdea has affected the yields but has increased the effort and the desire to reach and exceed the goal of 750,000 quintals. The battle has just begun.

Journalists on Human Rights 'Fallacy'

FL0503010194 Havana Radio Rebelde Network in Spanish 1700 GMT 4 Mar 94

["Straight Talk" program with host Juan Carlos Roque Garcia and guest Renato Recio from TRABAJADORES, and Osvaldo Rodriguez from JUVENTUD REBELDE—live]

[Text] [Roque] Good afternoon, this program could not ignore Cuba's presentation of a document by the U.S. Interests Section [USINT] in Havana to the UN Human Rights Commission in Geneva on the so-called human rights group in Cuba. You know the background. The information has been reported by the media. Today we will discuss this.

[Recio] It is, first of all, one more confirmation that the U.S. policy toward Cuba on this much-haggled issue of human rights is based above all on a fallacy. It is founded, above all, on a fictional script that they wish to impose on Cuba to continue a policy of maintaining the

blockade and doing everything possible to prevent the Cuban people from fulfilling its dream of sovereignty and independence.

This case seems to come straight from the movies. It smells of the movies. Friendly hands have given Cuba a document which proves that SINA [USINT] has sent a letter to the State Department, the CIA—listen closely now— the CIA [repeats], and the Immigration and Naturalization Service clearly acknowledging that in Cuba there is really no evidence of human rights violations and that those who request U.S. refugee program protection must invent stories to prove that they are objects of persecution by Cuban authorities or have been victims of human rights violations.

[Rodriguez] I also believe it is good to point out something I was reading in a news agency dispatch that confirms the ties between these groups, these minuscule groups as we Cubans call them, and the CIA, and how—through USINT in Havana—these groups are encouraged, financed, and promoted. Recently, thanks to my journalistic work, I had an opportunity to meet with several members of one of these small groups. I pointed out to them in my conversation that they are puppets of Yankee diplomacy because they had also told me they have free access to USINT. Every member of these groups, or at least their leaders, have free access to USINT. What they are truly seeking is the establishment of a biographical record in order to eventually emigrate to the United States.

[Roque] The document itself is entitled: Actual Situation of the Cuban Refugee Program. The document states that the visa request process keeps encountering dubious cases mostly provoked by economics. I believe we must comment on this because that is the way it is.

[Rodriguez] That is very interesting because the international campaign the United States wages against Cuba is precisely that the emigration of a significant number of Cubans to the United Stated is rooted in politics. However, Cuba has always maintained that those leaving do so above all for economic reasons. There is a difference between emigres and refugees. It seems completely normal for Cubans here to admit that they emigrate for economic reasons. However, the United States maintains that they are not emigrants, but refugees, or dissidents, or persecuted, etc.

This document proves... [changes thought] They acknowledge: We cannot find a way to prove that there are cases of human rights violations. What we actually find is that people ask to leave Cuba for economic reasons. This is very important.

[Recio] I believe this proves once again that those Cubans who wish to move to the United States are held hostage to that policy. I believe this has been a habit of U.S. policy since the beginning of the Revolution.

[Roque] You spoke earlier of fallacies. In this case, I believe that the entire U.S. policy toward Cuba is full of fallacies, from beginning to end. Today we are talking about new evidence of the fallacy of U.S. policy toward Cuba based on the document which USINT sent to the U.S. State Department, the CIA, and the Immigration and Naturalization Service. As mentioned earlier, friendly hands delivered this USINT document to Cuban authorities.

[Rodriguez] I would like to reevaluate this. We describe that policy as fallacious. However, I consider that adjective very mild because we are speaking of infamy. We are speaking of complete infamy because Cuba is accused, and has always been accused, of violating human rights. They want to place Cuba, in comparative terms, in a category with those places in the world where great human rights violations occur.

It is truly offensive to be placed in this position, for them to accuse a country which, like any other, has made mistakes; but something that has never occurred in this country is continuous, massive violations of human rights, as a policy. Rather, the contrary is true. We can say this because the people know this better than anyone. They are witnesses that in Cuba no one is persecuted, tortured, or missing; no one in Cuba is a victim of police repression.

Everyday, you can turn on the television and see how police organizations around the world massively violate human rights. You do not see this in Cuba. Nevertheless, the United States not only uses this argument against Cuba, they fabricate circumstances. Be aware that these groups, or so-called human rights activists, had been receiving privileges from, were living off, the USINT. They even had what we call here in Cuba that purpose [esa busca]. But not anymore.

According to this document, they are even selling fraudulent claims. Through these sales, they are providing individuals with fraudulent human rights claims so they can present themselves for visas.

[Roque] Renato, I believe we could even quote that paragraph of the USINT document addressed to the U.S. State Department, the Central Intelligence Agency, and the Immigration and Naturalization Service that reads: Over the past months, accusations of fraudulent requests by activists and [words indistinct] testimonials by human rights leaders have been persistent. Due to the lack of documented and verifiable proof, as a rule, USINT officials and members of the Immigration and Naturalization Service consider cases on human rights most liable to fraud.

[Recio] Juan Carlos, I believe it is important to reiterate this about the CIA: Remember that just a few months ago, the CIA disclosed or acknowledged for the first time ever that it had conducted several attempts against Cuban leaders, especially against the commander in chief. In other words, they publicly admitted that they have been behind the policy of trying to do away with the Cuban Revolution and making it disappear.

Once again, the CIA appears here as an element that unites these groups that we could call Cuban opposition—as they call it abroad, or as they present themselves abroad. Once again, the CIA uses various methods, but these so-called stupid children [hijitos bobos] have not been what they expected, have not been everything they thought they could be. I noticed that in the document, they made reference to 225 cases analyzed by U.S. officials. Of course, I am talking about the original document. The secret document that we were talking about was disseminated by the international press agencies.

Of these 225 cases, they say that 47 claim to have carried out human rights activities. Nevertheless, only 19 of them were finally approved by the USINT. By this you can see that there is a generalized fraud behind this. They were taught to commit fraud. The CIA, which is unquestionably behind all these activities, was showing them ways to commit fraud.

[Roque] I believe we have left out one important factor: the special rapporteur.

[Recio] Juan Carlos, that is precisely why Cuba viewed the report presented by this so-called UN special rapporteur at the UN Human Rights Commission as interference because as all of you, and all the listeners may remember, Cuba never admitted the physical presence of that individual into our country. This man has been able to fabricate a report that adheres to the U.S. policy toward Cuba that has to do with the brutal efforts and brutal pressure the United States exercises to make the UN condemn Cuba. This document we have spoken about, its discovery—in quotation marks—or its appearance undoubtedly weakens the U.S. intention to harm Cuba.

This demonstrates, once again, that Cuba does not even remotely violate human rights and that the United States is the main violator of human rights in Cuba; above all, by its persistence and the feats or brutality with which it imposes an economic blockade on the Cuban people. That is a form of harassment. As a matter of fact, this rapporteur includes recommendations in his report that to prevent the violation of human rights in Cuba, the blockade be lifted. Of course, it is a politicized way of seeing the problem.

[Rodriguez] Renato, I have no doubt that the speech presented by the Swedish rapporteur was drafted and written and given to him to be read in Geneva by the CIA in the United States. He is working with a set standard that is being sponsored by the U.S. policy, and which has its actors.

Roundup of Economic Activity

FL0503185294

[Editorial Report] The following is a compilation of fileworthy reports on economic developments in Cuba carried on Havana radio and television in Spanish between 25 February and 4 March.

Cuba Vision Network at 0100 GMT on 26 February reports that the Baracoa Cacao Experimental Station has produced 2.5 million hybrid cacao seeds over the past 3 years—a feat that has positive effects on Cuba's cacao situation. The seeds were planted on 62 caballerias in Guantanamo and on smaller areas in Santiago de Cuba, Holguin, and Granma Provinces. The station's goal this year is to produce over 1 million such seeds. By using these seeds, it is possible to have plants in 4 months, as opposed to 1 year using another method, and the resulting plants are much more productive, with higher yields and greater resistance to diseases and pests. Some of the hybrid seeds that will be produced by the experimental station this year will be distributed to other provinces; in Guantanamo, they will be used to plant 17 caballerias, replant another 79, and supply a portion of the seedlings that will be necessary the following year.

Radio Progreso at 1200 GMT on 28 February reports that "the first Cuban firm to specialize in tourism by road has just made its official debut in Havana Province, under the name Tropitur." The firm began operations on 16 October 1993 and intends, in a first phase, to provide cafeteria and bar service and sell flowers and souvenirs on two roads frequently traveled by foreign tourists, the national highway and the Via Blanca, which link important tourist hubs. Tropitur has four units: El Cayuelo and Habana-Club in Santa Cruz del Norte, the Los Morales farm in Nueva Paz, and the (Copei) in Madruga.

Radio Reloj at 1509 GMT on 28 February reports that the nation's 1993 laboratory animal needs were fully met by the National Center for the Production of Laboratory Animals, located in Havana. Millions of dollars worth of imports were thus avoided. "Because of the center's high productivity and quality, it was also possible to export a number of animals to Latin America, as well as to make all the concentrated feed for the animals."

Radio Rebelde at 1255 GMT on 1 March reports that the sale of construction materials such as cement, ceramics, and marble brought in $14 million in 1993; in this connection, the Transportation Ministry made $3.5 million in transportation fees.

In the same newscast, Rebelde notes that Cubana de Aviacion has received the first two of eight 44-passenger Dutch Fokker planes Cuba has purchased from the Spanish company Aviaco.

Rebelde adds that Cuba's largest bicycle factory, currently under construction in Santa Clara with PRC cooperation, will begin operating in the second half of 1994. Half the factory equipment is in Cuba, the remainder in the port of Shanghai awaiting shipment. The factory will produce 150,000 bicycles a year.

Radio Progreso at 1200 GMT on 2 March reports that Orlando Lugo Fonte, president of the National Association of Small Farmers, ANAP, has stated in Havana that

during 1993 approximately 2,000 people joined agricultural-livestock cooperatives. This brings the number of people working in cooperatives to 62,000 nationwide.

Radio Rebelde at 1800 GMT on 2 March reports that El Cobre mine workers plan to produce 1,300 tons of copper concentrate, approximately 7 percent over 1993. The mine complex is undergoing renovation and technological updating, and this is already contributing to increased efficiency.

Radio Reloj at 2030 GMT on 4 March reports that the Luxembourg Government today donated 18 tons of nails and 1 000 hammers to the victims of the heavy rains that affected the eastern provinces. The Luxembourg envoy to Havana handed over the donation to Carlos Morales, representative of the State Committee for Economic Cooperation. This is the result of the UN humanitarian aid program, which submitted the request to the Luxembourg Government. Luxembourg also donated medicines worth $68,000 for the Calixto Garcia and the Pediatric Hospitals in Havana.

Diplomats Tour Havana Province Agricultural Centers

FL0503012694 Havana Cuba Vision Network in Spanish 0100 GMT 4 Mar 94

[Excerpts] Images of the tour conducted by Cuban Foreign Minister Roberto Robaina, in the company of a large number of members of the diplomatic corps and accredited journalists, through the central provinces of the country still remain fresh in our minds. But things were not left at that. Once again, the diplomatic offensive went to work, in direct contact with the people who are definitely the main characters of Cuban foreign policy. This time the diplomats toured areas of interest in Havana Province, the production of which is mostly agricultural-industrial.

On the first day of their tour, the group visited Guines, where plantain crops and Blas Roca Calderio Contingent's Agricultural- Livestock Cooperative No. 30 are. They also toured potato producing areas, a cold storage center, and the national center for the production of laboratory animals. In all their visits, they spoke to the people. [passage omitted]

These workdays through the interior of the country have become a window to the world, through which the efforts of the Cuban people to overcome can be seen by all.

Russian Association Chairman on Cooperation

PA0403194594 Havana Radio Havana Cuba in Spanish 0000 GMT 4 March 94

[Text] Lev (Mogilevskiy), chairman of the Russian-Cuban International Economic Commercial Association, said his association will essentially be the strategic group for cooperation between Russia and the largest island in the Antilles. In an interview with the Russian news agency ITAR-TASS, (Mogilevskiy) said the association must solve current problems on the renewal of air and maritime transportation and development of the tourism industry. He added that Russian-Cuban projects include the creation of a mixed consortium to extract and refine oil, petrochemistry, and the manufacture of minerals and fertilizers.

'Important' Accords To Be Signed With Colombia

FL0503031994 Havana Radio Rebelde Network in Spanish 0000 GMT 5 Mar 94

[Text] Colombian Ambassador to Cuba (Ricardo Santamaria Salamanca) said today that Cuba and Colombia will reach important agreements this quarter that will help create a dynamic scenario for business deals and the influx of capital and businessmen.

The ambassador also stressed the growing pace of negotiations between the two countries in various sectors of the economy, science, culture, and health.

The Colombian ambassador added that a Colombian Foreign Trade Ministry delegation will visit Cuba next week to discuss an agreement on patents, licensing, floor tiles, and plumbing supply products.

Colombian Envoy on Increasing Negotiations

PA0603150694 Havana Radio Havana Cuba in Spanish 0000 GMT 6 Mar 94

[From the "Evening Information Review" newscast]

[Text] Ricardo Santamaria, the Colombian ambassador to Cuba, has said both countries have maintained an increasing level of negotiations in the areas of the economy, science, culture, and health.

In a statement to Radio Rebelde, Santamaria has said a Colombian Foreign Trade Ministry delegation will arrive in Havana next week to negotiate a limited scope agreement [acuerdo de alcance parcial] in the areas of patents, registries, and plant diseases.

Various commissions will hold a meeting in April to discuss topics such as the economy, education, and culture. The ambassador has said the Colombian foreign minister, Noemi Sanin, will visit Cuba after that.

The Colombian ambassador has also mentioned the possible sale of oil to the Caribbean island, which could reach between 15,000 and 20,000 barrels per day, based on international norms.

Cuba and Colombia resumed diplomatic relations on 28 October 1993.

Robaina Departs on Seven-Country Asian Trip

FL0603223494 Havana Tele Rebelde and Cuba Vision Networks in Spanish 1800 GMT 6 Mar 94

[Report by Ruben Pino]

[Text] On the evening of 5 March, Foreign Minister Roberto Robaina departed on a trip to Indonesia. Robaina is accompanied by an official delegation from the Foreign Ministry [Minrex].

Robaina told journalists at Jose Marti International Airport that the trip will include seven Asian countries: Indonesia, Laos, Cambodia, Malaysia, India, Myanmar [Burma], and Vietnam. Robaina is seeking to spread the truth about the Cuban project.

[Begin recording] [Pino] What are Minrex's expectations from these meetings?

[Robaina] I believe the expectations are part of everything that has been done, I do not want to say in the last year, rather in the past. Nowadays we live at a faster tempo and thus we need to explain more energetically what we are doing and to keep abreast of what is happening in the world. I believe that Asia is no exception in this diplomatic offensive. I plan to listen to many opinions. I believe that there is much to learn from this part of the world and much to contribute. This is the main goal of the trip. [end recording]

Haiti

Aristide Spokesman Explains Flynn Visit to Haiti

FL0403195494 Port-au-Prince Signal FM Radio in French 1130 GMT 4 Mar 94

[Text] President Aristide's spokesman Jean-Claude Martineau has pointed out that the visit of the U.S. ambassador to the Vatican was aimed at verifying the distribution of humanitarian aid in Haiti. According to Martineau, shortly before his visit to Haiti, Mr. Flynn had a conversation with President Bill Clinton regarding the restoration of democracy to Haiti within the scope of the Governors Island agreement.

For his part, in Paris President Aristide discussed with Mr. Flynn the Vatican's participation in the process of restoring democracy to Haiti. He pointed out that the conversation with the envoy to the Vatican was positive.

Further on CONACOM 3 Mar News Conference

FL0403230794 Port-au-Prince Tele-Haiti in French 1230 GMT 4 Mar 94

[Passages within italics in Creole]

[Text] During a news conference on 3 March, CONACOM brought total support to the crisis resolution ratified by the Chamber of Deputies on 2 March. Besides Victor Benoit, present were the current minister of education and spokesman for the National Front for Change and Democracy [FNCD], Dunois Eric Cantave, former Aristide presidential commission member Micha Gaillard, and BP-FNCD bloc president Jude Marie-Jacinthe Jean-Baptiste. The following is a report by Varrio Serran.

[Begin recording] [Serran] No to the clean-sweep strategy, no to political inertia, but yes to the parliamentarians' realistic initiative aimed at resolving the country's crisis. These are the words of CONACOM leader, Victor Benoit. According to him: On the one hand, this plan meets President Aristide's principal demands—his return to power and General Cedras' early retirement; on the other hand, it meets that of the commander in chief—amnesty to the military.

[Benoit] *It is a set of proposals in keeping with the Constitution, the Governors Island agreement, the New York pact, the Miami conference, and a series of documents to which CONACOM feels it is linked. It also respects the demands of the entire political class—the formation of a government of national concord, sociopolitical appeasement, and national reconciliation. This proposal also respects what all strata of the country are demanding: the lifting of the embargo so people can work under proper conditions.*

[Serran] To make a long story short, in CONACOM's opinion, this plan offers the means to extricate the country from its deadlock through facilitation of, among other things, the restoration of the head of state, cessation of violence, reduction in the high cost of living, protection of the country's institutions, and removal of the sanctions. Asked about the division that seems to have developed within the FNCD over this plan, BP-FNCD President Jude Marie- Jacinthe Jean-Baptiste replied that the divergences are only on the tactical plane, but that regarding restoration of the head of state to his post, the front remains united. Does CONACOM's firm, vital support of this plan include a wild run for the post of prime minister? Certainly not, said Victor Benoit, who drew up a profile of those who would run for this post.

[Benoit] *The following is a profile of those who would discreetly run for prime minister. I am going to give you this profile so you can identify them: They are either in Haiti or abroad and claim to side with President Aristide. Actually, some are very close to him. They do not talk or take a stand at all. They do not take a stand publicly. But they behave as if they completely agree with anything the president thinks. They have no personal advice to give. They do not behave as people who have a personality. They behave as simple opportunists because they know it is the president who will appoint the prime minister. As there are political divisions, they agree with the president up and down the line.*

[Serran] Nobody, not President Aristide, not his advisors, not the international personalities we have met, nobody can say that Victor has ever tried to run for prime minister, Benoit said, adding: We are the president's allies, but not his sycophants. Political inertia can kill. Politics presupposes not only a stance, but also an initiative. This person in charge of political affairs for CONACOM added that some people are linked to President Aristide, the person. But we, he said, are linked to the cause that President Aristide defends.

Asked finally about the alliance arising from circumstances in the Chamber of Deputies among the BP-FNCD, the socialist bloc dominated by the Nationalistic Progressive Revolutionary Party of Haiti, and the Alliance for Parliamentary Cohesion, the CONACOM leader explained that in politics, yesterday's adversary may today be an ally, and today's ally may be an adversary tomorrow. What is fundamental is the [common] goal. [end recording]

Army Said To Oppose Legislative Initiative

PA0503035694 Mexico City NOTIMEX in Spanish 0302 GMT 5 Mar 94

[Report by Edwige Balutansky]

[Text] Port-au-Prince, 4 Mar (NOTIMEX)—Today, parliament sources revealed the Haitian Military High Command reportedly rejected a proposal by a group of lawmakers to return to the democratic system in the country. The military leadership and a parliamentary delegation met on Thursday for three hours to analyze the project observers have called "neither-nor," which stands for neither Army Chief Raoul Cedras, nor deposed President Jean-Bertrand Aristide.

The military has not yet commented publicly on the plan, which is supported by the U.S. State Department, while some legislators expressed reservations following the meeting local radio stations termed "tumultuous. It is too early to tell what the military will say. We hope they can understand that this is the best solution," Duly Brutus, one of the members of the congressional delegation, stated. A legislator said the military has reacted "with anger and indignation," and has questioned "the parliamentarians' authority to make decisions involving the military without first consulting the military." Aristide, overthrown in September of 1991 in a coup d'etat led by Cedras, does not support the legislators' plan either.

Point five of the initiative stipulates Army Chief Gen. Raoul Cedras' retirement, and Point six, the appointment of a new chief of police. Although Point 11 refers to the return of the president, the initiative's supporters say this is a way of indefinitely prolonging his exile because first, the sanctions would be lifted and no date for his return has been set. "The transition to democracy involved concessions from all the parties," Marc Bazin, second de facto prime minister, declared.

Mexico's Serra on Foreign Investment Law

PA0403152294 Mexico City EL FINANCIERO in Spanish 1 Mar 94 p 5

[Report by Connie Ochoa Gomez]

[Text] Guadalajara, Jalisco, 28 February—Jaime Serra Puche, secretary of commerce and industrial development, has said the foreign investment law implemented in January 1994 makes Mexico competitive enough to attract savings from abroad to complement national savings, therefore "there will be no further modifications to the law."

Serra Puche stressed that the federal government does not plan to adjust the laws to NAFTA as the modifications needed to make the country more competitive "have already been made."

In an exclusive interview for EL FINANCIERO, Serra Puche said the Mexican Government is studying the possibility of signing bilateral agreements to protect the investments of countries with the largest amount of foreign investment in our country; in other words, Europe and Japan.

This does not mean that Mexico will not offer legal guarantees to countries other than the United States and Canada, with whom we signed a trade agreement, that wish to participate in the Mexican market. Proof of this is that in 1993 we received foreign capital totaling $15.6 billion, which means that among developing countries, Mexico receives the largest amount of foreign investment in the world.

Even the sad incidents in southeastern Mexico have not reduced investors' confidence in Mexico. Foreign investment reached $2.370 billion in January, a sum equivalent to what the country received "for an entire year" six years ago. In other words, all indications are that Mexico is highly competitive and that investors view us as a nation with great possibilities for growth and stability.

Serra Puche stressed that NAFTA represents a region open to trade, which is confirmed by the fact that Mexico proposed the clause giving other countries access to the treaty.

He said the government is studying the possibility of signing bilateral agreements to protect foreign investment, giving priority to Europe and Japan, but a final decision has not been reached.

European trade representatives have noted the importance of Mexico's signing bilateral agreements to protect investments, particularly the establishment of impartial judges who can guarantee the resolution of controversies between foreign companies and the Mexican Government as established in NAFTA. In that manner, other countries would have the same privileges as Canada and the United States when investing in the Mexican market.

Serra Puche reiterated that "we are not planning to make additional changes" to Mexican laws, even though some exporters claim that national laws "fall short" of covering the scope of the trilateral agreement.

In the specific case of the Intellectual Property Law, for which "changes are not being contemplated, either," Serra Puche stressed that Mexico's regulations to protect intellectual property are already internationally recognized as their legal and institutional framework has been modernized; therefore, no further adjustments are warranted.

During the interview conducted near the Miguel Hidalgo Airport in Guadalajara, Serra Puche categorically said that Mexican exports "today are under conditions equal" to similar products in the United States and Canada, as great efforts have been made to improve quality to raise their competitive level.

The export sector, however, has persistently demanded that the Mexican Government give specific support to Mexican enterprises so they can compensate for the existing differences between Mexico and its main commercial partners.

In that regard, Serra Puche said that NAFTA "does not permit the application of subsidies to exports."

Serra, Canada's MacLaren on Expanding NAFTA

PA0403171094 Mexico City LA JORNADA in Spanish 1 Mar 94 p 43

[Article by Patricia Munoz Rios]

[Text] Jaime Serra Puche, commerce and industrial development secretary, and Roy MacLaren, Canadian international trade minister, have confirmed their governments' willingness for other nations to join NAFTA.

Serra and MacLaren on 28 February reviewed some aspects of NAFTA implementation and prepared the trade agenda for the Mexican-Canadian meeting that will take place today.

In a brief interview following the meeting, Serra said the Mexican Government's position remains "as it has always been," one of granting other nations access to NAFTA.

Minister MacLaren, who agreed with Serra, added that the objective is to ensure that the NAFTA area is open, not a "closed fortress."

Serra and MacLaren met behind closed doors and gave only brief answers to reporters' questions. The two also announced that ExpoCanada will be held on 23 and 24 March.

Serra said this was a meeting "between friends" and that he hopes he will soon be able to return MacLaren's visits.

Today the two officials will discuss trade and investment, promotion of businesses, cooperation, statistics, intellectual property, and multilateral relations.

Official figures reveal that trade between Mexico and Canada has been small-scale with slight growth in 1994.

Mexico has had a virtually permanent trade deficit with Canada. As of 1993, however, Mexico has became Canada's largest commercial partner and constitutes Canada's sixth largest supplier.

In 1993 Mexico sold Canada goods worth 5 million Canadian dollars, almost twice as much as the amount traded three years ago. In addition, Canadian investment in Mexico is some $700 million, almost twice as much as the investment figure for 1989.

Leading Canadian imports include assembly material for vehicles, wheat, radio and telegraphic equipment, iron and steel sheets, and iron and steel bars and ingots.

The main products Mexico exports to Canada inc'ude passenger vehicles, crude, spare parts and engines for vehicles, and data-processing machines, among other things.

Trade prospects are expected to increase between the two nations. Since the end of 1993, some 6,500 Mexican companies have visited the Canadian Embassy trade section seeking to do business with that country. Sectors that have expressed the greatest commercial interest include those dealing with transportation equipment, food, and traditional areas such as paper pulp manufacturing and telecommunications.

Meanwhile, Canadians have expressed a great interest in such the chemical and mining industries. There are 70 Canadian mining companies in Mexico with the number increasing all the time.

Swedish Firms Cut Mexico Investments

94P20453

[Editorial Report] Swedish companies which had established operations in Mexico as a means of gaining access to that market, are now reducing their operations, according to the 2 February Stockholm business weekly VECKANS AFFARER. The weekly notes that many of these firms had originally invested in Mexico when its economy was based on import substitution and that they are now encountering competition from imports from the United States.

The Swedish-Swiss electronics and engineering giant Asea Brown Boveri (ABB), which has seen its sales fall 50 percent over the last two years, has closed two of its five plants and slashed its Mexican work force by half. Atlas Copco, a mining equipment manufacturer, has also reduced its Mexican staff and production and increased its imports from the United States. While Tetra Pak has expanded its Mexican operations and is increasing its share of the milk packaging market, it expects increased competition from imported U.S. milk.

Even Ericsson, which has long been the largest Swedish investor and a leading telecommunications manufacturer in Mexico, now has to defend its position against competition from AT&T, Northern Telecom, and Motorola. It also has cut back its work force in an effort to control costs. Ericsson's head of Mexican operations, Gerhard Skladal, expects the company to replace many of its Swedish-made components with U.S. inputs and he hopes that at the same time Ericsson will be able to increase sales from its Mexican plants to the rest of North America.

The weekly also reports complaints by businessmen that Mexico needs to improve its infrastructure and productivity levels, which at present are not comparable to those of industrialized countries. Skladal notes: "We figure that we will need to hire at least 3-4 times more employees to do a certain job here than would be necessary in the United States." The chief of Atlas Copco's Mexican branch expects that company to increase its production in the United States, because "it is hardly logical for us to invest in Mexico right now." Both ABB and Ericsson hope that infrastructure improvements in Mexico will open new markets for their products. Ericsson wants to upgrade the Mexican telecommunications system to Western standards, and ABB is optimistic about opportunities in the growing Mexican automobile industry and in the cement and steel sectors.

The revolt in Chiapas is apparently having little effect on investment decisions, according to the report. "Those of us who have been here for a long time and know the country are not scared off," says ABB's head of Mexican operations, Luiz Bring.

Marcos Urges Civilian Commitment to Peace

PA0403211494 Madrid EFE in Spanish 1902 GMT 4 Mar 94

[Text] San Cristobal de las Casas (Mexico), 4 Mar (EFE)—"Subcommander" Marcos, leader of the Zapatist National Liberation Army (EZLN), has said the sole possibility of peace in Mexico is that other civilian forces make a commitment to the cause and force the government to comply with the agreements.

In statements published today in the daily "LA JORNADA," the Zapatist leader indicated that the EZLN hoped that "war would be staved off by the pressures exerted by the civil society and the whole nation for the agreements to be kept." The government "will only comply if it is forced to do so, and this will be by the force of the rifle or by society's pressure," insisted the leader of the Chiapas rebels. For Marcos, "the sole possibility of peace is for other forces to make a commitment to oblige the government to keep the agreements."

One day after his return to the Lacandona Jungle in Chiapas where the Zapatists took shelter to ask the Indian communities' opinion on the agreements made with the government, Marcos declared that the problem is no longer the rebels', but the nation's as a whole. "The government will have to fight against its past to convince the communities that it will now meet its commitments," the Zapatist "subcommander" stressed.

Marco made a brief analysis of the 63-day armed rebellion in which he accepted military defeat in the taking over of Rancho Nuevo where an Army garrison is located. He also admitted that "the swift manner in which we passed from the armed situation to the San Cristobal table took us by surprise."

He stressed that during the rebellion the EZLN "General Command received numerous letters of support from Indian from other parts of the nation in which they also stated their desire to join up in arms, among them the Yaquis, Mayos, Tarahumaras, and Maya tribes.

The 19 representatives of the EZLN directorate returned on Thursday to the Lacandona Jungle after an 11-day dialogue with Manuel Camacho Solis, government delegate for peace and reconciliation, with whom several agreements were reached. These include the government's response to the Zapatists' main demands.

Views Future of Peace Negotiations

PA0503043694 Mexico City LA JORNADA in Spanish 4 Mar 94 pp 3, 12

[Report on interview with Subcommander Marcos, of the Zapatist National Liberation Army, by Julio Moguel and Hermann Bellinghausen in San Cristobal de las Casas, Chiapas State; date not given]

[Text] San Cristobal de las Casas—"Our expectation is that war will be avoided because of the pressure civil society from all over the country will exert to force compliance with the agreements. I do not think it depends on results of the San Cristobal policy. A problem will arise if civil society wears down, wearies, or becomes discouraged. In that case, everything would come undone, and then they would come down on us with military means. What I am trying to explain is we are no longer the problem, the country is. Our time is over, even if the flashes and photos continue."

Subcommander Marcos held a uninhibited and informal conversation following the last interviews he granted in San Cristobal de las Casas. Visibly tired but with the lively talk that distinguishes him, he reviewed the military experience of the Zapatist uprising, talked of his first impressions following the dialogue, and reflected on the consultation period the EZLN [Zapatist National Liberation Army] must now hold in its villages.

This is the end of an unexpected and surprising phase they had not counted on. The insurgent subcommander assessed the negotiation's deficiencies for the EZLN as well as the government negotiators. He seemed skeptical about the commitments and sketched events for the immediate future. Peace or war? Increased repression and authoritarianism or effective transition toward democracy? The man of a thousand words bade farewell to the forum, but before returning to the mountain got comfortable in a chair to hold one more talk on the way out.

[LA JORNADA] Do you feel more confident now that you are returning to the jungle?

[Marcos] We were in our element there. When we enter the city, that is when we begin to make mistakes. But as long as we are in the mountains and villages, it is very unlikely someone will pick a fight with us, even the regular forces of the federal Army.

[LA JORNADA] Are you inviting newsmen to go with you to the jungle? What does the invitation consist of? Does this mean your camps will no longer be hidden?

[Marcos] The idea is not to take you to where the situation is delicate. Today, the consultations will be held in the civilian sector. We can arrange for some visits, which will entail some risk, and these visits, like the previous ones, will be made with great security precautions, blindfolding the reporters who decide to go. Everyone knows now which zones are Zapatist zones.

[LA JORNADA] Are you planning to continue the war or do you think the negotiations were conducted well?

[Marcos] We thought war would follow. On 12 January, we prevented the Army from entering and razing the villages by drawing them into the jungle or mountains. That is what was prevented. We were ready for that kind of combat. We had prepared for it for 10 years, not the attacks on San Cristobal or the capital cities of the municipalities. During the previous nine years we prepared defensively, just defensively. Our plans did not and do not call for defining everything through armed

means. What we thought and planned for was that it was more costly to annihilate us in political terms that to tell us they would meet all our demands. Only now are they telling us what they will give us. This may be a strong investment meant more to deprive the EZLN of its social support and justification for the war than to solve the problem. The government will have to fight its past to convince the villages it will now keep its commitments. Why are people going to believe their promises now?

Our expectation is that war will be avoided because of the pressure civil society from all over the country will exert to force compliance with the agreements. I do not think it depends on results from the San Cristobal policy. A problem will arise if civil society wears down, wearies, or becomes discouraged. In that case, everything would come undone, and then they would come down on us with military means. What I am trying to explain is we are no longer the problem, the country is. Our time is over, even if the flashes and photos continue.

[LA JORNADA] But you were counting on a war, a long war. Did you think there would be strong military clashes? Didn't you count on that?

[Marcos] We did count on strong military clashes. We thought the strongest military clash would take place in San Cristobal. We thought military reaction would be immediate to prevent further revolts. We knew they would not hesitate. That is why we concentrated our strongest forces here with the idea of holding back the Army. Our largest military concentration was near Rancho Nuevo, on the road to Tuxtla.

We knew there would be strong clashes when we saw that municipal capitals were not falling simultaneously. We occupied San Cristobal and we realized that we were alone; we realized that the other municipal capitals had not fallen. The attacks on Altamirano and Ocosingo did not take place until 0700, and the situation was not militarily resolved until 1600. In Las Margaritas we began at 0300 and it fell in an hour. Here we begin at 0100 and by 0200 we already had the city occupied. We, therefore, decided to take our time in San Cristobal in order to stop and bog down the Army. We wanted enough time for an orderly retreat while we found out what was going on and carried out actions of armed propaganda [accion de propaganda armada]. We later carried out the attack on Rancho Nuevo to recover weapons and the park. That is where we failed unfortunately. We lost men and we had to flee in disarray. That disorganized an entire column, the one between San Cristobal and Rancho Nuevo, and it also disorganized the one between Altamirano and San Cristobal.

I repeat that we did not know very well what was going on. The quick manner in which we went from the armed confrontation to the table in San Cristobal took us by surprise. We had already said that our delay in organizing ourselves to reach the peace table was precisely because we did not expect it to be so soon.

[LA JORNADA] If the way the events developed took you by surprise and you had to improvise or discuss the change of course along the way, are you now prepared to discuss the terms for an agreement in the jungle in such a short period of time?

[Marcos] There is not and there will not be any improvisation in the discussion of the agreements because that is something we know how to do. That is how we decided to wage the war. I am going to tell you something. We first started to listen to some voices who said they could not take it any longer. The groups that announced they would go to war alone appeared later. The General Command begin to detect this situation and analyze it and they decide to consult. The analysis of the pros and cons of initiating an uprising is then organized bearing in mind circumstances such as NAFTA, the collapse of the socialist bloc, and events in Nicaragua, El Salvador, and Guatemala. On the other hand we took at look at the deaths and the poverty, the increase in the infant mortality rate, the suspension of the distribution of agricultural lands by the reforms to Article 27, and the delegations that went to seek resources and only returned with a bunch of papers.

The General Command explained it to the ethnic committees; the ethnic committees explained it in turn to the regional committees; the regional committees explained it to the local committees—which are located in each village—and they in turn explained it to the community. They discussed the pros and cons until the community itself decided it was time to take a vote. The number of yes and no votes were counted without regard for age or sex. The reverse process then started: The locals submitted their resolutions to the regional committees; the regional committees submitted them to the zones; the zones submitted them to the ethnic committees; and the ethnic committees submitted them to the General Command. That was when it appeared to us we were watching another television channel. While we thought they would say no, just when we thought everything at the international level was against us, just when we thought the military action would be annulled as a result, it turned out that the immense majority voted yes. Just a handful of our fellow companeros said the time was not right.

[LA JORNADA] You said before that in order to reach agreements at the table in San Cristobal something more than willingness from the parties was needed. You stated that it would only be possible to obtain the Zapatist demands with the support—or the contribution—of civil society. Can you explain this idea better?

[Marcos] The government will only fulfill its promises if it is forced to do so, and this will be achieved through the force of rifles or the pressure of society. Betting on that pressure taking place is the appropriate path. The only possibility to attain peace we see now is for other forces to commit themselves to forcing the government to

comply. The result of that bet is this consultation process. It does not depend on what the government does but what the rest of the country does.

We have received many letters recommending a process of change. First we received some surprising letters from some people who said everything looked pretty but they were going to beat us up. Then came the letters saying that we should seek the path of peace, the path of negotiation, so that we do not let ourselves be killed. The third stage was when they told us—and they are still telling us—that we should not surrender our weapons, sell out, or yield to their demands. Solidarity committees are being formed to support not only the Chiapas people, but the EZLN. We receive support from many sectors, particularly Indian groups. You must recall the letter sent to us by the demonstrators in Guerrero State, but we have also received letters from the Yaquis, Mayos, Tarahuamaras, the Mayas of Yucatan and Campeche, from Colima, Puebla...

We did not place ourselves at the head of this movement, rather, we placed ourselves at the back. Now any other movement has more chances than we do, because they can say: They are the radicals; I want the same that they have and if you do not comply, I am going to go radical. Now the field for that is opening up and we said: Go ahead, yes; go for it! But we do not see ourselves as victims, because we are going to get something for our dead—not more deaths but benefits for Indians in general and the state in particular. Now the danger is that the movement may become satisfied with what it will get at the local level and not aspire to contribute to a national movement.

[LA JORNADA] In the document that resulted from the conversations between you and the peace commissioner in San Cristobal, some of the demands made by the EZLN at the federal level did not receive a satisfactory response, such as the reforms to Article 27 or the constitutional quarter [cuarto constitucional]. But from reading the document the first time, it appears that you obtained some things that, although they have not been formally accepted, may exert pressure to reform significant portions of the Constitution or, if the comparison is allowed, you got things too big for the current legal and institutional framework.

[Marcos] There are answers that do not respond formally to some of those national demands, but that opens the door for the development of a national movement that could break or modify the current constitutional framework. They did not answer, for instance, the demand for the reform of Article 27, but the concessions made make its reform possible with the support of other sectors and movements with similar demands and using other means. These groups may ultimately reform said article before this six-year term expires or beginning with the new government.

According to what we have analyzed and the consultations we have had with lawyers, San Cristobal begins to necessarily establish the need for a national negotiating table, a national dialogue, where forces other than us also take part.

In any case, if they are unable to meet our demands promptly and clearly it is because they must maintain the principle of authority, under the premise they have no reason to make concessions. The neoliberal project can no longer be defended.

[LA JORNADA] Your group was very lucky because you were not discovered. How was that possible?

[Marcos] The government initially thought we were not a guerrilla group. It said we would have attacked if we were guerrillas because no guerrilla group gets ready first, grows, and only attacks much later. It later thought we were Guatemalans, URNG [Guatemalan National Revolutionary Unity] support groups, or other things, such as a group attempting to seize land. The information that they had at the time did not correspond to that in Sedena's [National Defense Secretariat] computer or at the Interior Secretariat, if the latter still kept this information secret. [sentence as published]

Since 1985 we thought we were going to be discovered. We maintained a defensive military program at the time because we expected to be discovered. We had grown too much. Entire communities knew about us, helped us carry the responsibility, and fed us.

[LA JORNADA] What question would you like to hear? What has nobody asked and you would like to hear?

[Marcos] I would ask: What are the Zapatists going to do if one or the other alternative is chosen? What will they do if people say no to peace and yes to war? What will they do if people say yes to peace and no to war? What are they going to do with their military units and their fighting experts in one case or the other?

If the option were to be peace, we would not fight because our army is made up of peasants. Entry to civilian life would be almost natural. We, however, would not surrender our weapons; we need to be able to defend ourselves if we are threatened.

In any case, if peace wins we would have to remain as an army for a long time to make sure the agreements are kept. The problem is: How will we relate to power during this period? This is the power we confronted and, in one way or another, its objective was to annihilate us, that is, to take away our social base, invalidate our prestige, and annihilate us at the lowest political cost.

[LA JORNADA] What will happen with the cattlemen if the peace proposal advances and the Zapatists' demands are met?

[Marcos] I believe they will have to be sacrificed. If the government wants to reach an agreement, it will have to sacrifice them. Maybe the cattlemen will decide to placate the situation and sacrifice a few of their own, those in other territories, so that others are not touched. This is

what is going to happen in Altamirano, Ocosingo, and Las Margaritas, where the conflict took place.

The situation there is similar to the one in San Juan Chamula. The San Juan Chamula political machine is promoted by the state in exchange for votes. To secure votes they started giving them more power and this has led to the situation we know now. It has reached a point where the government cannot touch the bosses now. Governors come and go at a very high social cost and the government cannot touch them. Perhaps they are not aware of the monster they have created. The case is similar to the one of the cattlemen. They gave them weapons and training in exchange for money and protected them when they committed outrages.

The government knew this. Just as it discovered our training camps in 1993, it knew about them at least since 1990. They knew the cattlemen were armed and training. The government's officers were the ones who gave them the training at the white guard training camps, at the Castellanos ranches, and at the Altamirano Municipal Auditorium.

Our military hypothesis is the following: A bullring called Lancandona Jungle is established. The federal government and the Army stay at the bullring's refuge section, civil society is up on the tiers, we are the bullfighter, and the cattlemen are the bull. The government says: Let them tear each other up and I will pick up the remains. The Army, which is a human rights transgressor, then becomes a pacifying army and implements order. This is a likely situation which, in military terms, depicts the blocking of the Ricardo Pozas caravan, the present lynch mood, and the Army that did nothing.

The cattlemen are already out of control. We threatened several times to break off the talks because of the events at Altamirano and the government was unable to control them. The cattlemen were attempting to break up the talks.

[LA JORNADA] What will happen in Altamirano? Will things break off? What will happen if this confrontation scheme spreads to other parts of the country?

[Marcos] It seems this will also an issue for the cattle ranchers [ganaderas]. We will see what kind of support the cattlemen have. If these guys have the cattle ranchers' support, then it will all be worthless because they will go from being murderers to martyrs of the small properties cause. If other cattle ranchers start to make noise about this, they will create opposition. It is the state's responsibility, however. The state is also responsible for what happened on 1 January because they were warned this would happen. There were demands for reform. Now, they are being told this will happen, that doors should be left open.

[LA JORNADA] If this was the government's response, what do you think of Camacho's response or attitude?

[Marcos] Camacho discovered that the leadership of this movement is actually Indian. It was a big surprise for them to have to deal with the interlocutors and not the forces that were supposedly behind it. That is when the world opened up to them, when Camacho said there is a solution to this, even if they are wearing ski caps, and foreign forces are not involved.

[LA JORNADA] One of your achievements at the San Cristobal table is the creation of conditions for clean and democratic elections in Chiapas. If this becomes a reality, would the EZLN participate in any way, as a force with its own candidates in the electoral process?

[Marcos] We will not do that. We lack the necessary organizational structure. We would frown on any of our members who did that. For example, all chiefs are banned from occupying public office under the threat of expulsion. They must not own property either. Moreover, the EZLN seeks to have its demands met strictly through military means [militar reivindicativa]. We would also need experienced cadres in the open struggle, in the struggle of the masses. We have the ability to organize into communities to survive, to maintain ourselves, but not in the public spotlight because we lack experience. This is where they can confuse and mess us up.

[LA JORNADA] But the EZLN, with the sympathy you generated, could the EZLN not influence the nomination of municipal presidents? Is it not part of your goals, to influence the appointment of democratic authorities?

[Marcos] That is undoubtedly one of our goals. That is definitely close to the reality of the rural areas because all the state's rural territory is ours. I, however, see this more as supporting someone else's nomination or candidacy rather than launching one of our own because otherwise we would loose prestige, moral authority, and social base.

Salinas Orders Compliance With Chiapas Commitments

PA0503023894 Mexico City Radio ACIR Network in Spanish 0000 GMT 5 Mar 94

[Report by Elizabeth Diaz Otero from the "ACIR Radio News" newscast]

[Excerpts] The timetable and responsibilities of each government entity to implement the agreements reached during the peace talks held in Chiapas State were established today, Friday, at the official Los Pinos residence. President Carlos Salinas de Gortari and Manuel Camacho Solis, commissioner for peace and reconciliation in Chiapas, read each one of the 32 resolutions of the San Cristobal table. Plainly speaking, the work was parceled out, Camacho Solis explained at an interview held after he left this meeting, which was also attended by secretaries of education, health, agriculture and hydraulic resources, social development, government, and finance and public credit. As Camacho reported it,

the president has given instructions that the agreements made by the government in this pacification process be faithfully complied with. This private meeting lasted approximately two and one-half hours. The secretaries left Los Pinos one by one, but did not make any statements. Camacho drove out and got out of his car, which was surrounded by about 50 reporters, photographers, and cameramen who were waiting for him to explain what had happened at the meeting. [passage omitted]

He also made a very interesting comment when asked how the negotiation problem was going; he said one must not look at this matter as a problem. Let us listen to his answer to this question.

[Begin Camacho Solis recording] This is not a negotiation problem because we are not even talking of negotiation. We are talking about a dialogue. This is something I would like to tell you and the citizens of Mexicans, through you. Instead of regarding this as a problem, let us look at it as an occasion to provide better political, economic, and social solutions to a reality as complex as Chiapas. The more we have of this.... [pauses] The better we keep our commitments and the greater our seriousness is during the whole process, the more positive it will be. This is not a problem of giving and taking. This is a problem of raising to the social and political circumstances and of clearly understanding that some things need a different approach. Therefore, we are not talking about money but of reforms, institutional changes, coordination, and most of all, a republican attitude, which entails two things, namely, acknowledging problems and meeting with the people so we can provide government solutions based on that reality. [end recording] [passage omitted]

I think the interview was interesting. He was very courteous, as always. He tried to answer all the questions. Of course, some [pause] He noted: I have been asked, through different means, what my political future will be, but I will not speak of politics now, nor will I speak of my aspirations or personal life. I have a major responsibility.

To conclude, he has always been willing to answer the reporters' questions. He was that way today. He also indicated there had been false reports that Article 27 of the Constitution would be amended. He affirmed that this Article will not be amended. He mentioned two points that were discussed with the Zapatist National Liberation Army [EZLN]. One has to do with the possibility of submitting a bill on Indian communities rights, which will touch on some aspects dealing with land. The other is the possibility of enacting an agrarian justice law. This would be a state law based on Article 27, which is ir force. During talks with the EZLN, there was no mention of amending this article, as some news media have reported.

PRI Members Partially Burn Municipal Palace

PA0603011994 Madrid EFE in Spanish 2315 GMT 5 Mar 94

[Text] Mexico City, 5 Mar (EFE)—Today some 100 members of the Institutional Revolutionary Party (PRI) partially burned the municipal palace at Teoloyucan, 50 km north of the Mexican capital, to demand the dismissal of Mayor Pedro Zenteno, who belongs to the opposition Party of the Democratic Revolution (PRD).

The PRI members have gathered at the central plaza and are armed with sticks and stones under the surveillance of the police who have not intervened up until now, according to sources from the municipality of Teoloyucan, which has a population of 52,000.

Pedro Zenteno, the municipal mayor of Teoloyucan, told EFE that the municipal palace was looted, some windows were shattered, and part of the building was set on fire by the PRI members.

Zenteno was appointed municipal mayor of Teoloyucan by the Congress of the State of Mexico on 25 January, after participating in the municipal elections on 14 November.

The PRD leader in the state of Mexico, Gerardo Fernandez Norona, told EFE that the situation in Teoloyucan "is delicate" because the state government "has had difficulties in enforcing the decisions of the congress." We know that "behind the group of PRI members are strong interests and chieftains, who have even clashed with Mexico State Governor Emilio Chuayffet Chemor.

The PRI spokesman in the state of Mexico, Eleazar Flores Arriaga, told EFE: "We know there is a group of people who are unhappy with the acting mayor; we do not know if they are PRI members. I could not say for sure." He denied that the municipal palace was burned and said a fire only broke out in the attic, where a group of persons looted some offices.

PRD Secretary General Denies Links to EZLN

PA0403174494 Mexico City EL FINANCIERO in Spanish 2 Mar 94 p 51

[Text] Mario Saucedo, secretary general of the Democratic Revolution Party [PRD], yesterday denied that he was an adviser of the Zapatist National Liberation Army (EZLN) and of rebel Subcommander Marcos. He also denied that his party is linked with that organization.

Through a communique sent to this office, Saucedo maintained that the reason for statements pointing to "my alleged participation in the Drive for Peace and Reconciliation in Chiapas established by the EZLN, Bishop Samuel Ruiz, and Manuel Camacho" is to distort my work and the political positions of my work.

He emphasized that to say that within the framework of the two negotiations—the EZLN-government talks and

the negotiation between various political parties with the government to reach a consensus for electoral reforms as a condition for social peace—is grave because it would affect the right environment for the dialogue.

I want to express, Saucedo said, my total rejection of such statements because I have never, neither now nor in the past, wanted to give advice to the EZLN or Subcommander Marcos. I have only been an observer.

In conclusion, he explained that it must not be forgotten that the PRD is a national force on the verge of attaining the government and that is the reason for our interest in the peace negotiations in San Cristobal de las Casas, Chiapas. "Nothing will change our communication and commitment with the people of Chiapas, the EZLN, and the country."

Meanwhile, the PRD Office of the Federal District, headed by Rene Bejarano Martinez, presented charges to the Federal District's Human Rights Commission that a couple of PRD members were kidnapped by the National Defense Secretariat within the framework of an event called "The 100 Marches for Democracy" held on 24 February.

Canadian Foreign Minister Continues Visit

Holds Meeting With Tello

PA0403190294 Mexico City NOTIMEX in Spanish 2050 GMT 1 Mar 94

[Text] Mexico City, 1 Mar (NOTIMEX)—Mexican Foreign Secretary Manuel Tello Macias asserted today that dialogue and negotiations among countries are essential to confronting the challenges and threats that endanger international stability and security. He emphasized that the world faces new challenges and threats to its stability and security following the era of political-ideological confrontation. Speaking at the inauguration of the 10th Mexican-Canadian Ministerial Commission meeting here, Tello asserted that cooperation among countries must be increased, justice among nations augmented, and international institutions strengthened. The Mexican foreign secretary said that Mexico and Canada have significant points of agreement that have allowed more solid and profound bilateral relations. Tello asserted that as the world has become more independent, nations are intermingling more, new economic spaces are being created, and competition for markets and positions in the global economy is increasing. For this reason, scientific and technological developments force firms and governments to propose efficient solutions that acknowledge the needs of growing competitiveness.

He emphasized that NAFTA has increased and broadened Mexican- Canadian interaction and has caused bilateral relations to become significantly closer and more familiar. The foreign secretary said the agenda of the 10th meeting, which ends this afternoon, shows the richness of the countries' relations as it includes issues related to commerce, finance, agriculture, transportation, mining, forestry, fisheries, and labors.

Regarding politics, the dialogue goes beyond the bilateral field and includes aspects related to the operations and goals of institutions such as the United Nations, the OAS, the Organization for Economic Cooperation and Development, and the Asia-Pacific Economic Cooperation mechanism.

Canadian Foreign Minister Andres Ouellet pointed out the importance of the countries' bilateral relations based on mutual respect and agreement on goals to bring peace and respect to every country. He added that NAFTA has prompted great international interest as well as curiosity in European and Asian countries, but "for us, it is a new relationship that we must intensify, mature, and fully experience."

He mentioned the possibility of Latin American countries such as Chile joining the commercial agreement and added that countries in the hemisphere should seek wider membership.

The Canadian minister explained that the meeting will include issues related to the export of Canadian equipment and minerals and tele-exploration [teledeteccion] technology, as well as access to the market of Mexican firms such as Mexican Petroleum and the Federal Electricity Company.

Ouellet said NAFTA increases Mexico's and Canada's prospects for sustained economic growth and said that both governments will respect the other's priorities regarding labor and environmental issues.

The delegates to the 10th Ministerial Commission meeting will study bilateral relations and cooperation mechanisms in various sectors of common interest.

Further on Meeting

PA0403190194 Mexico City XEW Television Network in Spanish 0430 GMT 2 Mar 94

[Report by Lourdes Esquivel; from the "24 Hours" newscast]

[Text] Foreign Secretary Manuel Tello closed the 10th Mexican-Canadian Ministerial Meeting in Mexico City. The Canadian ministers and the Mexican secretaries and deputy secretaries comprised four groups that analyzed the possibility of bilateral cooperation in the transportation, agriculture, environment, and commerce sectors.

Mexican Communications and Transportation Secretary Emilio Gamboa and Canadian Transportation Minister Douglas Young signed three transportation agreements that will allow reciprocal entry to drivers who carry products; the bilateral recognition of commercial drivers' licenses; and technical cooperation in training programs.

Canadian Foreign Minister Andre Ouellet and Secretary Manuel Tello discussed regional and global politics. The Canadian foreign minister termed as surprising the efforts exerted to make the process as democratic as possible and said Canada believes in the political and social future of Mexico. Minister Ouellet also referred to the Chiapas conflict. He said Canada supports the actions carried out by the Mexican Government and encourages President Salinas de Gortari to continue along the same path. The Canadian foreign minister and Secretary Tello supported Colombian President Cesar Gaviria's candidacy for OAS secretary general Secretariat and they reasserted their support for the lifting of the blockade in Cuba.

The next ministerial meeting will be held in Canada in 1995.

Increasing Trade Viewed

PA0403200694 Mexico City EL FINANCIERO in Spanish 2 Mar 94 p 19

[Report by Lucia Domville]

[Text] Mexican Foreign Secretary Manuel Tello and Canadian Foreign Minister Andre Ouellet have agreed to grant more access to agricultural products and to increase bilateral trade in cereals, beef, cattle, and agricultural food products.

In the transportation sector the two governments' representatives agreed to grant reciprocal access to trucks and trailers so they may use the facilities and terminals in each country. Tello and Ouellet recognized commercial drivers' licenses and reached an agreement on technical cooperation in the transportation sector.

Minister Ouellet said the conflict in Chiapas will not prevent an increase in the flow of Canadian investments in Mexico.

Four topics were discussed within the framework of the 10th Mexico-Canada Ministerial Meeting: politics, trade, transportation, and the agrarian-livestock sector.

Regarding trade issues, the government representatives explored ways to increase the potential of an exchange in assets within the NAFTA negotiations. The Canadian foreign minister said his government intends to increase the trade of cereals, beef, cattle, agricultural products, canned fruits, and other agricultural food products. Canada exported $771 million to Mexico in 1992. This represents 37 percent of that country's sales abroad. This figure would increase to surpass the $1-billion mark if shipments are included. The export of Canadian manufactured products to Mexico increased almost 15 percent that year.

Bilateral trade will substantially increase once NAFTA is implemented. Canada has launched the "Access to North America" initiative, a trade development program worth $27 million. Ouellet said his government intends to promote trade with small and medium- sized Canadian enterprises in the market opportunities given to that country. Telecommunications, plastics, machinery, tools, and metal engraving tool companies operate in Mexico. The same goes for agricultural and industrial products, particularly processed food and similar high-quality products, a significant opportunity that the Mexican market has granted Canadian companies.

Regarding the transportation sector, Communications Ministers Douglas Young and Emilio Gamboa signed three memoranda of agreement to strengthen relations between Canada and Mexico and, consequently, expedite the flow of merchandise. Young explained that the three memoranda of agreement called for technical cooperation in the transportation sector, where Canada offers great advantages to Mexican transportation companies; reciprocal access to trucks and trailers for circulation in the two countries; and, he recognized, the use of Mexican commercial driving licenses in Canada.

Referring to political issues, Ouellet said they discussed the situation at the national, regional, and world level. On the national level they reviewed the problem in Chiapas and he reviewed reports on those events, and the operation to solve the conflict. The Canadian foreign minister said his country's investments will not be negatively affected by an internal conflict because President Carlos Salinas de Gortari guaranteed it is a local problem that will be peacefully solved, and human rights will be fully respected.

The foreign minister said he will take a report from the National Human Rights Commission, led by Jorge Madrazo, back to his country so his government may have firsthand knowledge of the causes and ways to settle the conflict.

Moreover, Manuel Tello said the agreements signed within this bilateral framework will strengthen relations between the two countries; and he said the cultural and education exchange will be particularly intensified.

At the end of the meeting Tello accepted holding the 11th ministerial meeting in Canada in 1995.

Lifting of Cuban Embargo Urged

PA0403221594 Mexico City LA JORNADA in Spanish 2 Mar 94 p 15

[Article by Jesus Aranda]

[Text] Mexico and Canada believe "it is time to turn the page on the Cuban case," and lift the economic blockade without any preset political conditions. At the conclusion of the bilateral meeting between both nations, their foreign ministers pointed out that "as of today, the process to influence the U.S. decision to lift the blockade," in the short term, "could be initiated."

At the meeting chaired by Foreign Secretary Manuel Tello and his Canadian colleague, Andre Quellet, the latter expressed his government's interest in the Chiapas incidents—particularly those that have to do with

numan rights—and the process of political and electoral democratization. He also said: "Canada has always been interested in these matters, as a friend, and following the initiation of NAFTA, we are also interested as partners."

Quellet had the opportunity to discuss both issues during the meeting as well as at an afternoon meeting with President Carlos Salinas de Gortari at Los Pinos. There he manifested his acknowledgement of the open and peaceful manner in which the Mexican Government has handled such a difficult problem while he "encouraged" the Mexican authorities to "continue on the road of negotiations already started."

At the conclusion of the meeting—which included five members of the Canadian Cabinet, as well as Carlos Hank Gonzalez and Emilio Gamboa Patron, secretaries of agriculture and hydraulic resources and of communications and transportation, respectively—Canadian Prime Minister Jean Chretian's visit was announced for 23-25 March. This will be the first bilateral visit by that official to a nation in the Western Hemisphere since he took office several months ago.

Tello announced at the start of the meeting that the political geography of our region has determined that Mexico and Canada pass from the category of "distant friends" to "strategic partners." Together with the United States, he indicated, we will form the most important economy and trade area in the world.

During a news conference both foreign ministers took up the Cuban issue. The Canadian said, we think that the situation on the island is more difficult every day for the people who no longer receive aid from the former Soviet Union or from the former socialist bloc nations. Mexico and Canada, Quellet added, continue their cooperation in the health sector and in food supply to help mitigate the situation as much as possible. In our opinion, however, the trade blockade must be solved by the United States.

Quellet emphasized that both nations have maintained their ties with Cuba and "the time has come" for that nation's rapprochement with the United States. He gave as an example that "former enemies" such as Washington and Moscow have overcome their problems and now their relations are on another level. He remarked that the same way the United States "turned around" the Vietnam problem and they normalized their relations with China, it is now also time to lift the economic blockade of Cuba.

Tello indicated that only Canada and Mexico have maintained relations with the Caribbean nation after it was ousted from the OAS while both nations have voted at international forums in favor of ending the embargo against Havana.

Canada and Mexico, Tello stressed, do not accept that a third nation regulate the manner in which they realize their trade relations. Tello was asked: "Some nations speak out in favor of Cuba but they condition it to its 'democratization.' What is your opinion?" "We do not condition our position on anything," Tello replied.

Meanwhile, the Canadian minister made official his country and Mexico's support for Colombian President Cesar Gaviria's candidacy as OAS general secretary.

During his speech delivered in the morning, Quellet explained that his nation's main foreign policy goals are to consolidate and strengthen democracy and to protect human rights. On these issues, he remarked he was greatly impressed by the Mexican Government's efforts to guarantee credibility and transparency in the August presidential elections.

With regard to the human rights issue, Quellet said he had met with the Jorge Madrazo Cuellar, president of the National Human Rights Commission [CNDH], with whom he discussed the Chiapas problem. Madrazo Cuellar handed over the report the Commission recently published on the incidents in Chiapas. Quellet said: It is a very thorough report which we will widely disseminate in Canada. In addition, he announced that the CNDH president had been officially invited to visit his country shortly.

Among the agreements reached in this 10th Bilateral Mexico-Canada Meeting, stand out the signing of three memoranda between Mexico's Secretariat of Communications and Transportation and Canada's Transportation Ministry with regard to trailer trucks border access, the mutual acceptance of federal driver's license, and of technical training.

The participants reconfirmed the importance of strengthening this mechanism of consultation and analysis that allows—in an overall fashion—the taking up of the main issues on the bilateral agenda while they agreed to meet in Canada next year.

Serra Praises Free Trade Accord With Costa Rica

PA0603044594 Mexico City NOTIMEX in Spanish 0342 GMT 5 Mar 94

[Text] Mexico City, 4 Mar (NOTIMEX)—Mexican Commerce Secretary Jaime Serra Puche referred to the free trade agreement with Costa Rica, whose negotiation will conclude this week, as "the most advanced in Latin America." Serra Puche argued that the agreement not only includes goods but also services, copyrights and investments, dispute settlement procedures, and government purchases." [no beginning quotation mark as received]

Mexico and Costa Rica trade goods and services for some $80 million a year. Serra Puche believes that the treaty negotiated with Costa Rica, which will come into force on 1 January 1995, could become a very useful guideline for negotiations with other Central American countries. He pointed out that talks with Central America will continue, but they "will not be conducted

as a bloc." Therefore, there will be separate negotiations with Guatemala, El Salvador, Honduras, and later with Nicaragua.

Serra Puche announced that trade negotiations with the Group of Three—Mexico, Venezuela, and Colombia—might resume in March.

Pemex Postpones Sale of Petrochemical Plants

PA0603005294

[Editorial Report] Mexico City EL FINANCIERO in Spanish on 4 March carries a 725-word report by Eva Lozano Estrella entitled "Pemex [Mexican Petroleum] Postpones Sale of Petrochemical Plants Due to Crisis in Sector."

The report begins by saying that "Pemex announced on 3 March that the drop in the price of hydrocarbons on the international market does not create the right conditions for the federal government to place pretrochemical plants on sale this year."

The report adds that "Pemex believes in 1994 the oil sector in general will experience the worst period in recent history and predicts that both prices and profitability in the sector could be even lower due to the high surplus already in existence in international supplies, which will lower the final value of plants."

Therefore, the report notes, "the government has decided that the privatization of the state-run petrochemical industry will be the responsibility of the next government, as an increase in the price of goods and services is expected by 1995."

After analyzing possible strategies Pemex could follow to improve its financial situation, the article says government officials have said "investments in the petrochemical sector will continue normally," adding that "investments along the lines of 135 million new pesos are planned this year, part of which will be channeled to strategic projects."

Finally, the report cites official sources saying that "an increase in the import of petrochemical products reflects a tendency in world trade, as countries like Germany, the United States, Japan, and France have become large importers even though they are also the largest producers."

Costa Rica

Trade Talks Between Costa Rica, Mexico End

PA0503030694 Mexico City NOTIMEX in Spanish 0247 GMT 3 Mar 94

[Text] San Jose, 3 Mar (NOTIMEX)—The Costa Rican Government and business sector today described the conclusion of free trade negotiations with Mexico as "a fundamental step in the process of opening new markets." Foreign Trade Minister Roberto Rojas indicated that with the treaty "an increase in Costa Rican exports to Mexican markets is anticipated," which could bring in from $60 million annually to nearly $250 million in 1996.

This Thursday, Costa Rica and Mexico announced the conclusion of negotiations that began in August 1991, as well as the signing of an agreement by next April. The Costa Rican official stated that when the treaty enters into effect on 1 January 1995, it will be possible to freely export products such as televisions, electrical energy distribution equipment, and dry batteries. Items that will benefit from zero customs tax also include polyester filaments used in textile manufacturing, motorcycle safety helmets, and safety deposit boxes.

"Likewise, preferences deriving from a partial extension agreement that includes 150 customs items with a five-percent maximum tax were also consolidated." Among the items included in this category are glass bottles, aluminum products, rubber tires, leather suitcases and wallets, leather shoes, and wood doors.

Rojas added that the Costa Rican textile industry was favored with a $5 million quota for clothing garments which is expected to increase each year by 15 percent. The minister emphasized that in the areas of intellectual property rights and services guarantees the Costa Rican system "will not have to be substantially modified."

The document establishes that "Mexican investment, already present in the country for several years now, will continue to be encouraged in Costa Rica."

Rojas emphasized that this agreement is the result of several months of negotiations and close coordination between both countries' governments and private sectors. "All things considered, the agreement places us in the forefront of the political map of those Latin American countries that are drawing closer to the path of hemispheric integration," the Costa Rican official commented.

The bilateral treaty includes chapters on areas covering market access, guidelines for country of origin, unfair trading practices, services, investments, solving disputes, purchases from the public sector, and intellectual property, among others.

Costa Rican businessmen pointed out that the treaty will facilitate greater trade flow under conditions of openness, equality, and mutual benefit for Mexico as well as for Costa Rica. They stressed that Costa Rica was able to ensure that the principle of asymmetry was reflected in terms of customs preferences for the entry of most Costa Rican products into Mexico and the purchase of Mexican raw materials with zero taxes.

With respect to the guidelines which will determine the origin of the items included in the treaty, local businessmen indicated that the Raw Material Regional Integration Committee (CIRI) was established. It will be responsible for evaluating and solving any disputes related to the supply of regional raw materials.

Calderon Views Free Trade Accord With Mexico

PA0403232094 Panama City ACAN in Spanish 2017 GMT 4 Mar 94

[Text] San Jose, 4 Mar (ACAN-EFE)—Today, President Rafael Angel Calderon said the free trade agreement to be signed with Mexico next month "is an entry gate" to NAFTA. At the inauguration ceremony of a business, shortly after returning from Panama, Calderon stated that in the next five years some Latin American countries will have the possibility of joining NAFTA, signed by Mexico, the United States, and Canada, and Costa Rica "will be one of the candidates."

He added that he will contribute, with his experience, from the ranks of the opposition, which he will rejoin on 8 May when he hands power over to social democrat Jose Maria Figueres, so Costa Rica can join commercial treaties like NAFTA.

Yesterday, Costa Rican and Mexican delegations concluded three years of negotiations leading to the commercial treaty that Calderon and Mexican President Carlos Salinas de Gortari will sign in April and which will enter into force on 1 January 1995.

Calderon, who looked "very happy" about the successful culmination of the talks, urged the Legislative Assembly to immediately proceed with the free trade agreement that, he pointed out, offers Costa Rican producers a market of 90 million people.

The president hailed his country's negotiating team and spotlighted Foreign Trade Minister Roberto Rojas, who led the negotiations, a person Calderon regarded as "one of the best ministers" his country has had. "It is an extraordinary agreement. The culmination of three years of effort," the president affirmed, and he added that Mexican investments, based on the treaty, can increase $300 million a year.

Calderon flew to Panama on Wednesday to attend the inauguration of a commercial fair, and later he met with his Panamanian counterpart Guillermo Endara to analyze the European Union's restrictions on banana imports.

Funds Earmarked To Pay for Expropriated Lands

PA0603172394 San Jose LA REPUBLICA in Spanish 25 Feb 94 p 5a

[Report by Jose Alberto Briceno]

[Text] The government will earmark 230 million colones of the national budget this year to pay for land expropriated from U.S. citizens, Deputy Presidency Minister Alejandro Matamoros has stated. The official has said that the allocations were included in the regular budget for this period, as well as in 1993's extraordinary budget.

The payments will be made in installments, based on the decision by the appropriate bodies, such as the Direct Tax General Directorate, Finance Ministry, or the arbitration courts established to that effect.

Matamoros has said the Qualls family will receive 23 million colones in two installments before the current government ends, based on a decision against the state by the arbitration court. It will be up to the next administration to allocate 92.8 million colones, which must be paid for the expropriation of a farm measuring 1,439 hectares in Sierpe, Osa Caton, Puntarenas.

Regarding the Titisa case, the authorities will make two payments of 22 million colones each, according to a ruling by the arbitration court, which will settle the dispute over the 499-hectare farm in Golfito. There will be another allocation to pay Richard Bell for property measuring 7,176 hectares in Potrero Grande, Buenos Aires Canton. The first payment of 45 million colones is to be made in May out of a total of 90 million colones that were included in the national budget for this year. The arbitration court has ordered the government to pay 183 million colones.

Matamoros has said the next administration has to settle the dispute over the Santa Elena farm with U.S. citizen Joseph Hamilton. The property is presently being measured to pass that information to the World Bank court later.

Customs Investigates Entry of Precursor Chemicals

PA0703035694 San Jose LA REPUBLICA in Spanish 28 Feb 94 p 12a

[Report by Basilio Quesada Chanto]

[Text] The Technical Customs Investigations Division (DITA) is investigating the suspicious importation of large quantities of isopropyl alcohol [alcohol hidropropilico] not only for possible fiscal irregularities but also for potential links to drug trafficking activities.

This chemical substance presumably can be used to process cocaine, "crack," and other drugs, thus DITA personnel suspect that a cocaine laboratory may be operating in the country. According to the police report, this type of alcohol, which was presumably shipped from El Salvador, cannot be used for medical or industrial (liquor production) purposes. Furthermore, it is described as a solvent on the list of suspected precursor chemicals.

DITA grew even more suspicious when Costa Rican authorities called the Salvadoran firm noted as the shipper on the customs entry document, and the firm said it does not distribute that type of product.

DITA will coordinate the case with the Government and Public Security Ministry's national drug control directorate as there is enough evidence to suggest that a cocaine laboratory is behind the importing firm. The latter is believed to be a ghost company as it does not have any physical location or personnel to handle the alcohol it has brought into the country. The company has imported more than 40,000 liters of isopropyl alcohol from October 1993 to date. The final destination of the chemical is unknown.

Consumer Price Index Grows by 1.2 Percent

PA0603195694

[Editorial Report] Panama City ACAN in Spanish at 1715 GMT on 4 March reported that the consumer price index grew by 1.2 percent in February. The accumulated 1994 inflation rate is 2.07 percent. The Economy Ministry has reported registration fees at private and state universities increased by 22 percent, private medical fees by 17 percent, bread by 10 percent, and electricity rates by 4 percent. Economy Minister Roberto Rojas has said this price increase is in keeping with the goal of a 10-percent annual inflation rate.

El Salvador

Survey: Arena Will Need 2d Round To Win Election

PA0603145894 Panama City ACAN in Spanish 1935 GMT 4 Mar 94

[Text] Armando Calderon Sol, presidential candidate for the ruling party, the Nationalist Republican Alliance (Arena), will need a second round of elections to win the 20 March elections, according to the latest electoral survey.

The survey, conducted by the firm CID-Gallup, has shown that during the first round of elections, Calderon will obtain 32 percent of the votes, while Ruben Zamora, candidate for the leftist coalition Democratic Convergence, which includes the former FMLN [Farabundo Marti National Liberation Front] guerrilla organization, will obtain only 16 percent.

Fidel Chavez Mena, the Christian Democratic Party's (PDC) candidate, will finish third with 10 percent of the votes, while Roberto Escobar, of the National Conciliation Party (PCN), will be fourth with two percent, according to the survey.

To win the Salvadoran Presidency during the first round of elections a candidate must obtain 50 percent plus one of the votes; otherwise, there will be a second round of elections, according to the electoral law.

According to the survey, during which 2,100 people were interviewed throughout the country from 18 to 25 February, 40 percent of the voters are still undecided on which candidate they will support.

Should there be a second round of elections between Calderon and Zamora, 37 percent would chose the official candidate, while 22 percent would vote for his opponent, and 41 percent are still undecided, according to the survey.

In case the second round of elections is between Calderon Sol and Chavez Mena, the preferences would be 36 percent against 20 percent, in favor of the Arena candidate.

CID-Gallup Executive Director Olda Maria Acuna has said at a news conference out of the 40 percent of undecided voters, four percent chose Arena, 2 percent the leftist coalition, and another 2 percent the PDC [figures as received].

Acuna has said the high percentage of undecided voters could be the "decisive factor" of the 20 March elections, and she did not rule out the possibility there could be a "surprise."

More than 2 million Salvadorans will elect a new president and vice president, as well as 84 Legislative Assembly deputies, 262 municipal mayors, and 20 representatives to the Central American Parliament (Parlacen).

The electoral law prohibits the publication of surveys two weeks before the elections.

Poll Puts Arena in Lead, FMLN Coalition Second

PA0503171694 San Salvador Canal Doce Television in Spanish 0300 GMT 4 Mar 94

[Report by Luis Manuel Mendez from the "Up to Date" newscast]

[Text] The last electoral survey conducted by the Technological University confirms that Arena [Nationalist Republican Alliance] remains the favorite, followed by the leftist coalition and the Christian Democratic Party [PDC]. [Begin unidentified speaker recording] A total of 33.3 percent of those surveyed said they would vote for Arena; namely, Armando Calderon Sol. Ruben Zamora of the tripartite FMLN [Farabundo Marti National Liberation Front], Democratic Convergence [CD], and MNR [National Revolutionary Movement] coalition follows him with 19.8 percent. Fidel Chavez Mena comes in third with 8.9 percent. [end recording]

On congressional elections, (?30.1) percent said they would vote for Arena, 16.2 percent said they would vote for the FMLN, and 10.3 for the PDC. The [name indistinct] and the CD took fourth and fifth place, respectively. Among those polled on congressional and presidential elections, 7 percent were undecided and approximately 25 percent declined to give an opinion, which keeps the possibility of runoff elections open.

[Begin unidentified speaker recording] We must be honest and responsible by saying that with only a few weeks left before the elections, the polls are not infallible. We do not know how the undecided and those who refuse to comment will vote. [end recording]

[Words indistinct] all over the country, 18 percent favored Arena and 10.4 percent the FMLN. The PDC came in third with 6.1 percent, but 52.3 percent of those surveyed declined to comment.

Citizens of East, Center, West on Court Elections

PA0403174094 San Salvador EL MUNDO in Spanish 2 Mar 94 p 9

[Statement drafted and released by the Citizens of the East, Center, and West: "The Embassy's Hand in the Court's Election;" place and date not given]

[Text] Once again, the U.S. Embassy attempts to meddle in our domestic affairs, as it has been doing throughout our country's history. Not satisfied with bossing the Executive Branch as it pleased regarding the peace agreements, this time the embassy attempts to override the Legislative Assembly—a highly vulnerable branch, as has been demonstrated over and over with the constitutional reform—by trying to impose a Supreme Court of Justice [CSJ] willing to bend at the slightest hint from State Department officials.

A list with the names of candidates of various political inclinations—is the list the result of a consensus?—which did not even meet the requirements demanded by law. [sentence as published] In addition, international news agency reports announced to the world that Dr. Armando Calderon Sol had agreed to negotiate the CSJ in exchange for the certainty that he would win the presidency of the Republic in the March elections.

This nefarious meddling has been confirmed by the president of one of the lawyers' associations that present lists of candidates for the new CSJ. This person held the position of minister of justice in the first Revolutionary Junta of the Government, which came into being by the grace of the indescribable embassy, after General Romero's overthrow. This same minister was the originator, or at least the leading drafter, of the Junta's historic decree that declared the 1962 Constitution in force "in everything not running contrary to the Armed Forces' 15 October proclamation...." This legal monstrosity of a decree can only be compared to another, which said "for this once only," issued by the infamous Generals Martinez and Castaneda Castro.

We are extremely concerned that this lawyer, who is also the proxy of the multinational oil enterprise recently found to be involved in a scandal because its president was arrested, is the patron of the "No to Continuism" campaign, contrary to the principle accepted by American law saying that magistrates should be "left in their positions permanently" and even be left therein for life for the sake of a healthy administration of justice.

Finally, we wish to say that these impossible-to-understand positions can only be explained by the obstinate and determined position of the U.S. Government, which dared finance a Truth Commission, whose exclusive role was to discredit and lash out at the Judicial Branch for the sole reason that this branch remained independent and resisted the pressure to make our country more vulnerable to foreign interests.

We reject foreign interests and their well-paid lawyers! We want magistrates to be appointed for their capabilities, not for their interests or ideologies! Out with the foreign political handling of the Judicial Branch!

[Signed] Citizens of the East, Center, and West.

Central Bank Denies Plans To Devalue Colon

PA0503043794 San Salvador Canal Doce Television in Spanish 0300 GMT 3 Mar 94

[From the "Up to Date" newscast]

[Excerpt] Central Reserve Bank President Jose Roberto Orellana Milla has denied the colon will be devalued after the 20 March elections, as has been speculated in the past days. He said there is enough foreign currency in the market to make the currency stable. Edwin Gongora filed a report:

[Begin recording] [Gongora] Orellana pointed out that, with the exchange system currently in place, colon devaluations could hardly occur because the system depends on foreign exchange supply and demands in the market. In this respect, Orellana emphasized that there are enough dollars available to prevent currency devaluations.

[Orellana] I want to tell you that exports, remittance, foreign aid, and loans generate enough dollars. In short, there are enough dollars to meet all the country's needs. There is no possibility of devaluations because the system prevents them. [passage omitted] [end recording]

Zamora Outlines Economic Philosophy, Plans

PA0503163294 San Salvador LA PRENSA GRAFICA in Spanish 3 Mar 94 p 8

[Interview with Ruben Zamora, presidential candidate for Democratic Convergence, Farabundo Marti National Liberation Front, and National Revolutionary Movement, by unidentified reporter; place and date not given]

[Text] [Reporter] Following the collapse of the East European statist economies, very few politicians are bold enough to propose socialist-oriented government plans, something that the Salvadoran left has been identified with for a long time. What is the CD/FMLN/MNR [Democratic Convergence, Farabundo Marti National Liberation Front, National Revolutionary Movement] economic proposal for these elections?

[Zamora] There is certainly a common denominator among all candidates. I personally do not like to talk about a social market economy because the term no longer has any meaning in our country. Everybody uses it, even when referring to different aspects, such as Arena's [Nationalist Republican Alliance] proposal. For example, the German social market economy is completely different. Furthermore, this is a tautology, because the market is social.

The first points in the CD/FMLN/MNR platform are based on the following concepts:

First, we believe in the existence of a market. It is the most important force in the economy.

Second, because the market is deaf to certain signals, we see the role of the state as supplemental. The state must create the legal framework, facilitate redistribution, and correct market irregularities.

Third, our objective is to achieve self-sustained and equitable economic development based on the new actors in the economy. That is the difference between our proposal and Arena's. Their proposal calls for a concentration of efforts on strong capital under the assumption that there will be enormous growth, which will subsequently bring well-being to society. That is not what happens.

The income of Salvadorans has replaced coffee as the main source of foreign exchange. For the first time in history, the main source of foreign exchange comes directly from popular sectors. Our strategy will not be based on excluding major capital but on giving priority to the new actors: cooperatives, the informal sector, and small and medium enterprises.

Fourth, we link social development to economic development. We see social services—especially health and education—not as an expense but as an investment for economic development.

Our fifth pillar is Central American integration. Arena is proposing integration strictly at the capital and technocratic level. Many plans have been formulated without consulting businessmen or other sectors. The integration we propose calls for the participation of workers, businessmen, and the state.

[Reporter] You have said that you prefer not to talk about social market economy. Your plan, however, must follow a path. What path have you chosen?

[Zamora] We propose a method in accordance with all these principles. It can be summarized in one expression: concerted efforts.

The wisdom of economic development is not allowing the veto to begin functioning as it did in the past. Workers veto government plans and destabilize them; businessmen veto government plans—as in President Duarte's case—because the grass roots followed a policy of confrontation.

Government policy must be the result of concerted efforts with the various sectors.

[Reporter] Leftist economic ideas have always been associated with statism, with planned economies. You have said you believe in market forces. Does that mean you have given up the socialist model?

[Zamora] I cannot give up something I never believed in. I never believed in that type of socialism because, in my opinion, it has never been real socialism. It was only statism and control by a single party; that was it. Do not ask me to give up something I never believed in. It would be too easy. It would be like giving up the Spanish king's treasures. Of course I would give them up because they were never mine.

This is an important question because I want to make one thing clear: Our government will not be a government of our coalition. It will be a government where the CDffMLN—NR forces are present, but we will try to express concerted efforts.

There will be no nationalizations during our term. We do not believe statization [estatizacion] should be exercised under these circumstances. We are not in favor of expropriations. In facing the problem of price controls, our position is that they can only be allowed for a limited time when special circumstances require them. We believe freezing prices is the most absurd thing in the world.

We will seek a more efficient economy that is capable of both producing and allowing a better distribution of wealth, which is now very limited.

[Reporter] What will be state's role be in the economy? Developing a policy of assistance?

[Zamora] We disagree with a policy of assistance. The state does play an important role in the economy. It has in the past. Our country's development since the 1950's was based on the state's support for major capital. It can be seen in all our laws. Today criticizing the state is fashionable even though all the major capital was created with state support.

We must determine the scope of state participation. We do not believe in an enterprise state. The state has too many problems to resolve to get involved in the hotel business or to run a textile factory.

We propose a plan that will mean increasing expenses in the social area. We have clearly proposed tripling the percentage of GNP spent on education and health in the next five years.

[Reporter] How do you plan to finance those social expenditures?

[Zamora] First, by redistributing the budget. We cannot live with military budgets. We must transfer those funds to the social area.

Second, by revising state expenses. The government spent more than 20 million colones on radio and television from October to December. I realize the state must spend money on publicity when it offers a service and must inform the people, such as the vaccination and identification card campaigns. It is not necessary, however, to spend money to say that FINATA [National Financial Institution for Agricultural Lands] is doing a good job.

Third, by controlling tax evasion. The Finance Ministry has estimated it at 40 percent. We believe it is closer to 50 percent. If we manage to reduce it to at least 30 percent, we will have money for social expenses.

Finally, through international aid. We do not have to sit back and watch how aid is being reduced. We must seek means of cooperation.

We believe it is feasible to finance social expenses without increasing taxes. We are not in favor of increasing taxes, but we do feel they must be collected. For example, there is widespread evasion of the value-added tax. There are 706 enterprises here controlling more than 70 percent of all sales. We simply want people to comply with the law.

Our view is that the central government should be reduced so local and municipal governments and associations can assume more responsibility and resources.

[Reporter] In Latin America, the general practice of opposition political parties has been to change the schemes of outgoing governments and interrupt the continuity of programs. What would your coalition do with the economic plan initiated by the current government?

[Zamora] The key to the country's governability during this period consists of recognizing the real relationship between continuity and change.

Once the peace agreements were signed, the country began a process of national agreement. It is expressed in a reformed constitution which is the result of a consensus. Now it is not a matter of starting from scratch every five years. We must see what plans need modifications.

The current government's handling of macroeconomic variables is quite healthy. Why change it? There are programs that permit participation, such as Educo, which must be developed. Of course, in other areas we will do

things quite differently. The possibility of an energy policy, for example, must be considered. This government could not implement it, but it will have to be done through a national agreement. Environmental issues have been neglected. We will have to make changes there, too. Credit policy has been mainly for those with more capital. Now that we are in the electoral campaign, they are talking about credits for small enterprises.

We must determine where change is necessary. We will analyze each area one by one and decide where there should be continuity, where corrections should be made, and where changes are necessary.

That is our vision.

Bodies Agree Human Rights Violations Increasing

PA0603160794 San Salvador Radio Farabundo Marti Network in Spanish 1800 GMT 4 Mar 94

[Report by Nelda Alvaragenga; from the "Facing the Moment" newscast]

[Text] Human rights organizations concurred on Friday with UN expert Pedro Nikken that human rights violations have increased in the country. Reynaldo Blanco, of the Salvadoran Human Rights Commission [CDHES], has affirmed violations of fundamental rights are becoming a rising trend.

[Begin Blanco recording] I must say there is an upward trend. We have not reached the level that existed before the peace accords were signed. By comparing the period from the time the peace accords were signed to date, say, comparing the first half of 1992 with the second half of that same year, we begin to notice, however, an increase, chiefly regarding the right to live. [end recording]

According to Blanco, the increased violations are the result of the impunity with which the state intelligence corps continue to operate, despite the terms established in the peace accords; in this respect, the CDHES representative reiterated the need for the United Nations to keep monitoring the country. Lutheran Bishop Medardo Gomez has concurred, saying death squad-style human rights violations increased during recent months.

[Begin Gomez recording] As Salvadorans can attest, people are found murdered in the streets everyday. Taking a closer look at those bodies, we find they show signs of torture, something that reveals the existence of death squads; for that reason, Mr. Nikken is correct in saying human rights are still violated in the country. We cannot remove the country from the list of human rights violators. [end recording]

CDHES and the Lutheran Church stated the peace accords and the Truth Commission recommendations should be complied with to achieve stability in the country.

Editorial Views Illegal Entry Into U.S.

PA0403200794 San Salvador EL MUNDO in Spanish 2 Mar 94 p 6

[Editorial: "More and More Deportees"]

[Text] There is no need for illegal immigrants who want to go to the United States to arrive at that nation's border with Mexico. It is in Mexican territory where those who are looking for jobs in North America—mostly Salvadorans—fall into the hands of the authorities to be subsequently sent to jail until their deportation is processed.

If there is so much emphasis to travel to the United States without meeting the requirements demanded by those authorities it is because the [illegal alien] traffickers are successful more than once. Of course this serves as propaganda for other naive Salvadorans to start securing the $1,000 that it costs to put them on the other side of the border for the Lord to help them. According to reports we receive from Mexico, the detentions continue. The Judicial Technical Police of that nation have placed greater emphasis on looking for our people and for those of other nations who do not have their documents in order and who attempt, with practically nothing, to cross the border. Once in North American territory they contact other traffickers or relatives to start looking for a job so they can stay. This of course is until immigration authorities uncover, arrest, and deport them.

Previously, it was mostly the Central Americans who struggled to get on the other side, overcoming the risks in Mexican territory. Now, however, the Asians have also joined in; these are the ones who pay the traffickers the higher sums. The flow of Salvadorans to Uncle Sam's land, however, does not decrease. Once there, they hope to gains dollars to send back to their relatives who they have left behind praying for them not to be captured. The trip is not as easy as it seems. Reports from those who have returned, deported from Mexico or the United States, have declared that a trip without documents or with false documents does not cost less than $1,000. The adventure starts with obtaining that sum of money which does not include food or the guarantee they will arrive in the "promised land." Once they are deported they are back to their old activity. Now they have to look for a job, not only to support their family but also to pay back the loans they made to pay the Salvadoran traffickers. It is said that these traffickers have contact with the Mexican traffickers who in turn have contact with those in the United States.

As we have pointed out in the past, the situation in the United States is no longer the same; vigilance is now much stricter. The conditions in some states, such as California, is absolutely negative for illegal aliens. One must not forget a deadline has been set for those who are already there in that territory to meet the requirements demanded. That deadline is approaching, and a large number of compatriots have difficulties, created by the

same North American authorities. To speak clearly, The United States does not want immigrants, and much less those who try to cross over flouting that nation's laws.

Once again we bring up the issue to suggest to the Salvadoran immigration authorities to adopt an official campaign targeted at those who want to live and work in the United States, in order to send help to their families. They must be made to understand that to fall in the hands of the traffickers is to throw away their money, as they will be deported either from Mexico or the United States. Once back they will be in worse shape than before, including their health given the conditions they had to face. If the immigration authorities try to explain to the stubborn individuals who want to travel without the required document by citing the very reports of the deportees, it is possible that many will avoid that failure. They should try to make their life here or travel to North America with the required documents.

Guatemala

Ambush Against Army Leaves 5 Dead, 2 Injured

PA0603012994 Guatemala City PRENSA LIBRE in Spanish 3 Mar 94 p 103

[Text] The Information and Press Department of the Army [DIDE] has revealed that five soldiers were killed and two were injured when a group of subversives ambushed a military patrol in the neighborhood of Cuarto Pueblo, Quiche Department.

Julio Cas Paau, Manuel Perez Hernandez, Jose Antonio Santos Jordan, Hector Cruz, and Arnoldo Archila Picon were among the deceased, while Salvador Galicia Garcia and Hector Anibal Lopez were injured.

In addition, the Army urged the people "to judge these criminal actions that once more show total disrespect by the guerrillas toward the human rights of Guatemalan families."

DIDE also disclosed that 52 Central Americans who were trying to cross the border with Mexico illegally were arrested in the waters of Ocos Port, San Marcos by Navy patrols from the Pacific Naval Base. The group of illegal immigrants was made up of 20 Salvadorans, 14 Nicaraguans, and 12 Hondurans, who had no documents and were accompanied by six Guatemalans and three guides identified as Santiago Escobar Lopez, Anselmo Cuadros Perez, and Carlos Vicente Ramirez.

Explosion of 2 URNG Propaganda Bombs Confirmed

PA0603200194 Panama City ACAN in Spanish 1630 GMT 6 Mar 94

[Text] Guatemala City, 6 Mar (ACAN-EFE)—Official sources confirmed today at least two propaganda bombs from the Guatemalan National Revolutionary Unity (URNG), whose leadership is negotiating peace with the government, exploded in the past few hours in this city leaving no victims.

The National Police Press Office told ACAN-EFE the explosive devices, filled with leaflets from the Rebel Armed Forces (FAR), one of four organizations that make up the URNG, detonated in two Guatemala City zones.

The source said the leaflets from the FAR, an armed group operating in the northern region under the leadership of Commander Pablo Monsanto, marked its "32 years of revolutionary struggle."

Several unidentified people dynamited the foundations of the San Juan bridge, which is located at km 20 of the Atlantic-bound highway, early this morning. The incident, besides causing property damage, created serious traffic jams.

The Army dispatched a delegation to the site to investigate if the guerrillas perpetrated the attack, which destroyed the bridge, and to estimate property damage.

The terrorist attack and the bomb explosions are occurring as the government and guerrillas are meeting in Mexico to end the oldest internal armed conflict in the region.

Minister: Strikes Part of Destabilization Plan

PA0503175094 Guatemala City PRENSA LIBRE in Spanish 3 Mar 94 p 3

[Text] Finance Minister Ana de Molina said yesterday that the public workers' trade unions will not accept any government proposal regarding their salary demands because the salary issue is only a pretext for a movement to destabilize the government.

The minister said the union leaders will not accept a bonus or a 100-, 200-, or 300-quetzal wage increase because obviously the salary hike is not the real reason why the government is being pressured. "If there was a genuine desire to find a solution to the problem, the situation would be different," de Molina affirmed.

The finance minister said it still cannot be determined who is behind the destabilizing movement, adding that several fronts have been opened against the current administration. "There is invasion of land in the area of agriculture, kidnappings in the area of security, strikes in the area of labor, and limitations on the finance minister to obtaining resources. This cannot be a mere coincidence," Ana de Molina asserted.

The minister declared that the position expressed by the economic cabinet on Tuesday remains unchanged; specifically, no salary negotiating process is being held with union representatives. The issue must be treated as part of the Great National Agreement (GAN) proposed by President Ramiro De Leon Carpio.

The minister argued that a wage increase for all state workers cannot be called a coherent salary policy because a salary hike program includes a review of the efficiency and profile of the employee as well as his abilities.

She added that by reorganizing the executive branch there could be room for a reclassification of wages for those who deserve it.

The minister also said that if the government's offer of a 50-quetzal wage increase for workers earning less than 2,000 quetzales does not meet workers' expectations, it still represents a gain for workers and an expense of 120 million quetzales annually for the state treasury.

The government proposal was to increase basic salaries by 50 quetzales and reduce the 360-quetzal bonus for fiscal collections by 100 quetzales, a proposal made previously by the National Federation of Public Employees Unions (FENASEP) and accepted by the government. Public workers, however, rejected the aforementioned offer.

Bureaucrats Reject 50-Quetzal Increase

Leaders of FENASEP and FENASTEG [National Federation of State Workers Unions] as well as leaders of other state labor unions yesterday rejected the 50-quetzal hike proposed by the government to solve the labor conflict.

The bureaucrats termed the salary increase "an insult to the working class."

FENASTEG Secretary General Felix Hernandez said: "The 50-quetzal hike proposed by the government does not meet the aspirations or expectations of state workers."

FENASEP Will Not Talk With the Economic Cabinet

The FENASEP leadership was scheduled to meet yesterday with the economic cabinet. However, the labor leader explained that they had changed their mind because "they are fed up" with those officials.

Authorities Discover Arms Shipment at Airport

PA0503014294 Guatemala City Teleonce Television in Spanish 1900 GMT 2 Mar 94

[From the "Telepress" Newscast]

[Text] Today, authorities discovered an arms shipment which arrived at the airport from Miami. Investigations to determine the shipment's origin and destination are under way. Prosecutor Jose Vicente Gonzalez reported on the findings and the steps that will be taken.

[Begin recording] [First reporter] [Question indistinct]

[Gonzalez] Today, the Treasury Police director general reported that the Treasury Police chief detected weapons inside a safe arriving from Miami at the airport. I went there with members of the Investigations Institute of the Attorney General's Office. First, the shipment was verified. The captain of the (?post) was advised. The weapons will remain at the (Combes) warehouse, which is right next door. We are conducting preliminary investigations.

The attorney general was here too. He verified that this smuggling attempt indeed took place because it has not appeared in the fiscal [words indistinct]. We filed the corresponding reports and they are already at the disposal of the [words indistinct]. It is a [word indistinct]; the attorney general is going to order the start of the corresponding process to define the responsibilities of those involved.

[Second reporter] [question indistinct]?

[Gonzalez] We are right here at the customs [words indistinct].

[Third reporter] What type of weapons?

[Gonzalez] We are currently waiting for the report, but I remember seeing 24 revolvers; a .22 caliber rifle; two or three, I cannot recall, high-caliber weapons; and plenty of ammunition. [end recording]

Illegal Aliens Complain of 'Outrages' in Mexico

PA0403201894 Guatemala City PRENSA LIBRE in Spanish 3 Mar 94 p 24

[Text] Huehuetenago—Thirty-two Central Americans (Guatemalans, Salvadorans, and Hondurans) were detained and taken to the Mexican immigration office at La Mesilla, Huehuetenango.

They said that the Mexican authorities had treated them badly, had given them drugs, accused them of belonging to the Zapatist National Liberation Army (EZLN), took their money, and held them under arrest for several days. They added that many are under arrest in Villa Hermosa, Tabasco, and Chiapas. Therefore, they call on the corresponding authorities, as well as Human Rights Ombudsman Jorge Mario Garcia Laguardia to conduct investigations into the outrages committed against the illegal aliens in Mexico.

State Absorbs Diesel Fuel Price Differential

PA0403160294 Guatemala City PRENSA LIBRE in Spanish 2 Mar 94 p 6

[Text] Presidency Secretary General Hector Luna Troccoli said yesterday that the state will absorb the fuel price differential, after distribution problems are resolved, which will result from the measure announced by the municipality and the president to sell fuel without including the increase that took place after deregulation.

He added that if the mayors of the country's main department capitals present the respective plan, the government is willing to pay the diesel fuel price difference to prevent an increase in urban transportation fares. He said that ways are being sought to distribute in two or three days 50,000 gallons of diesel, which is consumed in the capital, to avoid the pretext to increase fares.

Luna Troccoli explained that it is not exactly a subsidy because the differential payment of a few cents is a temporary measure, in view of the fact that future international fuel market prices are expected to drop. Luna said that the amount the state will cover will depend on the distribution mode and that the intention is to take advantage of the drop in the profit margin of certain distributors for diesel used for transportation.

The official was asked what would happen once the price of diesel dropped to below what has been set as the reference price, and he replied that the government, logically, not only does not set the differential, but does not set the rates to allow a drop.

Lastly, Luna Troccoli said that the use of state distributors has not been ruled out, but that a study of the most effective solution will be completed in the next few hours.

Honduras

Reina Comments on Political Commitments, Borders

PA0403183594 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 1 Mar 94

[Report by Francisco Valeriano Giron]

[Text] The Liberal Party hierarchy met today with President Carlos Roberto Reina and his main advisers to discuss issues related to the country's political situation. President Carlos Roberto Reina stated the following:

[Begin Reina recording] The entire ministers cabinet met with the members of the Central Executive Council. The meeting took place in an extremely frank and open manner. It is no surprise to anyone that every new administration must confront situations that may tarnish the normal manner in which governments are conformed. There are commitments by party leaders which must be met. Someone who participated in the meeting said that it is a very difficult task for a politician who has promised certain things during the campaign to visit the ministers and high government officials because they always find some problems to solve at that exact moment. That is something normal because on the one hand the ministers and officials are organizing and tremendous expectations are created during the election campaign. In addition, there is little time to solve every expectation in detail, and most of all in such a short period of time.

I have already announced that next Monday I will address the nation where I will talk about two fundamental issues: first the current state of the nation as well as how we received it, and secondly, a detailed government program for the next four years. The purpose of this meeting was to create fluid communications so that the high government officials who do not have sufficient time due to valid reasons, may proceed to honor campaign promises through responsible persons appointed in each of the ministries to undertake such a task. There are political commitments that were made during the campaign and we plan to honor them. In addition, we have also scheduled a meeting with the Liberal Party bloc to prevent any misunderstandings. I was extremely satisfied when Mr. Jaime Rosenthal Oliva, a very important Liberal Party leader, expressed his genuine acknowledgement of our efforts. [end recording]

With respect to the numerous demands by Liberal party activists who want a position within the government, President Carlos Roberto Reina stated as follows.

[Begin recording] [Reina] We covered the issue, but it is not easy to find openings to the nearly 1 million votes we obtained during the elections. That is impossible. But what we do seek to do is implement some mechanism whereby a head of a department or even a deputy will have access to the ministers of the autonomous institutions to find selection mechanism that are just and fair.

[Reporter] [Question indistinct]

[Reina] I would say a sort of modus operandi as they say in international vernacular. [end recording]

One month after taking office, President Reina pointed out that he had already made some important decisions, but that he has stepped aside and delegated responsibilities to some of his ministers.

[Begin Reina recording] Previously, a president was someone who would sit at his desk simply signing agreements affecting the lowest janitor and the highest government official. I have passed on some responsibilities to the appropriate ministers, and reserved some duties for myself. A president who simply sits and signs documents is a president who cannot work and does not make the political decisions he must constantly make. I have already made some political decisions. For example, I have delimited the border with the Republic of El Salvador. That is a national objective which we plan to carry out and explain shortly. Tomorrow I have a meeting planned at the Foreign Ministry to discuss the issue, and we cannot procrastinate any longer on this issue which is so crucial to Honduras. [end recording]

With respect to this issue, President Reina indicated that during the first 15 days of March he plans to visit the territories recovered from El Salvador especially (Nawaterique) and Dolores. The objective of the visit is to speak to residents of the region as well as to confirm the effectiveness of the border demarcation.

President Rejects World Bank Recommendations

PA0403190394 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 2 Mar 94

[Report by Danilo Izaguirre; from "The Morning Newspaper" newscast]

[Text] President Carlos Roberto Reina has stated his position on the World Bank recommendations to Honduras. The president refused to consider the recommendations made by the World Bank. He said efforts are

being made to overcome the crisis, particularly the energy crisis and its repercussions on the economic stability of our country.

Members of the World Bank and international credit organizations have recommended that the government privatize the National Enterprise for Electric Power [ENEE], the Honduran Telecommunications Enterprise (Hondutel), and the National Autonomous Aqueduct and Sewage Service (SANAA), among others. They also recommended that the National Autonomous University of Honduras be privatized, and school tuition be increased. These financial institutions suggested that other restrictive actions be taken so that the government reduces decentralized institutions and some of them disappear.

All these actions have been included in a document that was delivered to the government on 2 February 1994. President Carlos Roberto Reina has said several times he was not going to yield to international credit organizations. At this time, Reina ratified that the intentions of the international credit institutions will not even be taken into consideration, much less those of the World Bank.

Reina made the aforementioned statements after being questioned on his visit to the Foreign Ministry.

[Begin recording] [Reina] I come from a meeting with the foreign minister and the members of the Commission of Sovereignty and Borders. I gave specific instructions to the Foreign Ministry.

[Unidentified reporter] Mr. President, what do you know about the measures the Reina administration must adopt regarding the World Bank recommendations?

[Reina] I am not aware of those measures. You are better informed than I am.

[Reporter] But what will the government's position be? Will the recommendations made by these institutions be observed?

[Reina] Our position is unchanged. The sovereignty corresponds to the Honduran people who spoke at the polls. No measure recommended by any international organization will even be considered if it does not respect the basic interests of our people. [end recording]

President Reina's statements were very clear. He said he will not even consider the recommendations made by international credit organizations. When asked about the devaluation, this is what he said:

[Begin recording] [Reina] Those are very technical terms. What we must do is improve the country's economy. If we do not improve the country's economy, if we do not produce more, if we do not close the commercial deficit of Honduras, it will be useless to have wise people handling these affairs.

I want the Honduran economy to improve because we produce more, we export more. In addition, the secure supply of food that I offered during my campaign is a fundamental objective of my administration, on which we are working tenaciously and with determination.

[Unidentified reporter]) Are you concerned about the situation of the ENEE in the face of the latest power outages and the announcements made by this institution? Will the supply of energy receive priority treatment?

[Reina] Of course. The situation of the ENEE is serious. It has been dragging on for some time. It is partly the result of nature. The deforestation of the Francisco Morazan Dam basin is part of the problem, but we are seeking, through the most honest persons we have been able to find, adequate solutions.

[Reporter] Mr. President, another problem that concerns society is the situation of the ENEE. Some sectors believe this situation may deteriorate irreversibly if specific and necessary actions are not taken. It is believed this situation may result in an increase in energy rates of over 100 percent. A business leader stated that the ENEE must file for bankruptcy so it can be turned over to private enterprise. To what degree does this statement affect the image of the ENEE before the eyes of international organizations.

[Reina] I do not think that is the solution. This may undermine the prestige of the country. We must seek correct solutions at the appropriate time. [end recording]

These were statements by President Carlos Roberto Reina on the recommendations of the World Bank and the actions to be taken regarding the ENEE, Hondutel, and SANAA, and specifically the problem presented by the announced devaluation.

SIECA Official Calls For Negotiating Bloc

PA0503234794 Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 3 Mar 94 p 4

[Report by Francisco Valeriano Giron]

[Text] Tegucigalpa—The measures proposed by international financial organizations for implementation in Central American countries do not correspond to the current situation, it was stated by Gerardo Zepeda Bermudez, assistant secretary general of the Secretariat of Central American Economic Integration (SIECA). He added that these measures were designed for most of the Latin American countries during an overall economic recession and when Central America had yet to act as a bloc. He said countries on the isthmus will have a greater negotiating capability when they strengthen their integration scheme and when the terms are based on their countries' reality "rather than simple standard guidelines implemented in the world."

Zepeda Bermudez met with President Carlos Roberto Reina, with whom he discussed integration issues and the need to implement new development strategies in the

area based on the countries' capability as a bloc. He said the six Central American nations will have less clout and strength at the negotiating table with regard to these measures if they act individually, because the area as a whole has a GNP in excess of $35 billion, which is equivalent to that of Chile.

Referring to his rejection of President Reina's measures, the assistant SIECA secretary said no one can continue to believe in an institution that imposes general measures or thinks that the measures will be effective in Central America because they were effective in other countries. He said the area must have its own identity and it is necessary to discuss the situation with international credit organizations. He also recommends planning alternatives and a willingness to achieve development, which is what President Reina has implied, he said.

Zepeda Bermudez said a social integration system is in its preliminary stages, complemented by the economic integration system which has existed for 33 years. He emphasized the importance of acting as a bloc, taking into consideration that this is the only way to face international financial organizations and the powerful countries' groups which have been created.

Minister on Hondutel's Privatization, Corruption

PA0603034994 San Pedro Sula LA PRENSA in Spanish 3 Mar 94 p 3A

[Text] San Pedro Sula—Finance Minister Juan Ferrera said he is willing to resign from his post if someone can prove to him that the Armed Forces have not handled the Honduran Telecommunications Enterprise, Hondutel, in a corrupt way.

Ferrera accused members of the Armed Forces who have managed Hondutel of committing acts of corruption, although he clarified that there are some honest soldiers. Ferrera questioned those opposed to Hondutel's privatization, because he believes it is a profitable enterprise. He added that an enterprise should be sold when it is profitable in order to receive good offers and not when it goes bankrupt.

With regard to the fears of Hondutel employees, he said those who are working efficiently should not worry but noted that "in the private sector inefficient workers are fired."

He suggested that the privatization process be handled openly in order to avoid returning to the practice of "state enterprises that belong to all Hondurans ending up in the hands of a few opportunists."

He said some appraisals have been made to determine the sum that will be asked for this enterprise, adding that in his opinion it needs new management to give it the modern techniques demanded by the telecommunications world. In Ferrera's opinion, international telecommunications enterprises such as AT&T and Motorola will have to participate in the process. He stressed that there will be various offers in view of Hondutel's profitability, despite its bad administration and a scandalous theft that was detected.

He added that the profit, more than the result of a good administration, is due to the administration's decision to raise the tariffs paid by its users. He said that in Hondutel there has been "a scandalous theft; when the best mechanisms are not used to manage an enterprise, there is corruption; it cannot be described any other way."

Ferrera said the Armed Forces have been part of that corruption. "If any Honduran can show me that there has been no corruption in Hondutel's management, I will resign my post as finance minister," he stressed. "They (the soldiers) are involved in corruption," he said, but noted that just as there are corrupt soldiers there are also some honest ones.

Communications Director Clarifies Devaluation

PA0403163494 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 2 Mar 94

[Statement by Carlos Calderon, presidency communications director, in Tegucigalpa; from the "Morning Paper" newscast—live]

[Text] I only wanted to refer briefly to Jose Andino's statements following an interview with the president. He has said a devaluation was being announced. I believe Jose Andino did not realize the president said exactly the opposite. When asked about this, the president said it was necessary to strengthen our currency by increasing our production. He talked about increasing exports and improving the production of basic grains. This has a dual purpose: to guarantee our food supply and to reduce basic grain imports; this obviously strengthens our currency.

Because this is such a sensitive issue, I felt compelled to clarify the issue; in addition, the issue of devaluation has been recently mentioned, and I think it is the result of confusion or misinterpretation, particularly among the media. In fact, I understand what has actually been mentioned, as a possibility, is the official implementation of an exchange rate that already exists in the market.

In any case, if this is done, if it ever occurs, it will be the result of a decision adopted by Congress, the body that should decide this issue. Consequently....[pauses] I worry when the media handle carelessly these topics, which are so sensitive to our economy. This could give others wrong ideas, something that would be detrimental to us. A devaluation in this case is a very serious thing, and the president was quite emphatic and clear about that; on the contrary, he said the currency should be strengthened, and we should bear this in mind.

Foreign Currency Purchases To Be Reduced

PA0603195794

[Editorial Report] San Pedro Sual TIEMPO in Spanish on 4 March on page 3 reported that the Board of Directors of the Central Bank of Honduras, BCH, decided yesterday to reduce purchases of foreign currency within the financial system and at exchange offices from 30 to 20 percent in an attempt to stabilize the price of the dollar. BCH President Hugo Noe Pino said the state had been buying 30 percent of the approximately $20 million entering the banking system each week but decided to reduce such purchases to 20 percent to leave more dollars at the disposal of banks and exchange offices to sell to the general public and to ensure a more stable exchange rate; this is a temporary measure, he added.

Nicaragua

El Salvador's Cristiani Visits, Meets Chamorro

Chamorro Decorates Cristiani

PA0503185194 Managua Radio Nicaragua Network in Spanish 1200 GMT 4 Mar 94

[From the "This Morning" newscast]

[Text] Nicaraguan President Violeta Chamorro last night decorated Salvadoran President Alfredo Cristiani with the Jose Dolores Estrada San Jacinto Battle Order in the degree of Great Collar. Cristiani is in Nicaragua on an official visit. During the ceremony, Chamorro emphasized the ties of friendship between the two Central American countries.

[Begin Chamorro recording] On this occasion, I wish to reiterate the deep friendship that the Nicaraguan people have always expressed for our Salvadoran friends. The feeling is mutual. In this way, I am returning the hospitality that I received during my visit to El Salvador in March last year, when the entire Salvadoran community treated me with love, friendship, and understanding. These ties are strong because we are one and the same people who have shared the experiences of the same history. The two peoples are united by efforts to attain peace and progress in our countries. It is up to us Nicaraguans to testify to this friendship. To you, Mr. President, and the friends that accompany you, I reiterate our sincere feelings of friendship toward the Salvadoran people, so worthily represented in the past four years by a statesman who has wisely led his people along the path of peace and reconciliation.

The Salvadoran people suffered through a sad and cruel war, and they appreciate President Cristiani's great efforts toward pacification, disarmament, reconciliation, and democratization in his country. In Nicaragua, we also have had to work ceaselessly to consolidate the peace that we enjoy today. We learned a lesson that we will never forget. Dialogue and reconciliation should be the instrument for resolving our disagreements. Peace in our country becomes stronger by the day and overshadows all memories of the past. For that reason, our commitment to democracy is based on the rule of law and justice, which is enforced by strengthening the state of law and democratic institutions and by protecting human rights. [end recording]

Cristiani on Common Goals

PA0503202994 Managua Radio Nicaragua Network in Spanish 1200 GMT 4 Mar 94

[Text] Salvadoran President Alfredo Cristiani, who was decorated by Nicaraguan President Violeta Chamorro, said the Central American countries are more united now than ever in the search for consolidated peace in the region.

[Begin Cristiani recording] Nicaraguan President Violeta Chamorro, presidents of the state branches, deputies, magistrates, Cardinal Miguel Obando y Bravo, ambassadors and heads of diplomatic missions accredited in Nicaragua, cabinet members, members of Nicaraguan private enterprise, special guests, dear friends: I am very pleased to be here in Nicaragua honoring my dear friend President Chamorro's cordial invitation. I have been even more honored tonight because I was awarded the General Jose Dolores Estrada San Jacinto Battle Order. I receive this decoration in the name of the Salvadoran people, the true forgers of peace and democracy in our country. If I am to be given credit for something, it is to have interpreted the Salvadoran people's vehement desire to live in peace and freedom.

During recent years, when I shared with Dona Violeta—beyond protocol, I dare call her by that name out of affection —so many Central American experiences, we have observed the close relationship between our peoples and their problems and solutions. History has provided deep common roots for the two peoples. It is from the tree of the present, so to speak, that we must pick the fruit of common destiny. El Salvador and Nicaragua are friendly countries for various reasons. Historical misfortunes have sometimes befallen us. The traditional lack of deeply rooted freedom has made us suffer untold trials and tribulations. From a certain date, what brings us closer together is the common effort to nurture democratic institutions on the arid land where authoritarianism and arbitrariness once throve. Our peoples are still suffering the consequences of many past mistakes, but in our respective peculiarities and difficulties, each of the two peoples agree on raising the banner of democracy. [end recording]

Cristiani Refuses FMLN Demands

PA0603235194 Managua BARRICADA in Spanish 5 Mar 94 p 4

[Report by Alfonso Malespin]

[Text] Before leaving Nicaragua yesterday, Salvadoran President Alfredo Cristiani said that his government will

not meet the opposition FMLN's [Farabundo Marti National Liberation Front] demands for troops to be confined to their barracks one day prior to and one day following the 20 March elections and that troops not participate in transporting the ballot boxes.

The Salvadoran president met with COSEP [Higher Council of Private Enterprise] members in the morning and urged them to take a more active role in their country's political life. He also met with the Supreme Court justices, who requested that Cristiani support the proposed Central American Court of Justice.

The FMLN has said that the active participation of troops poses a danger of "technical electoral fraud" because they are still feared by many Salvadorans.

Cristiani, who received the Jose Dolores Estrada Order from President Violeta de Chamorro despite objections by the Nicaraguan Jesuit community, said that if he accepted such a demand to confine the troops to the barracks, he would be "acting against the Constitution because it would suppress a right guaranteed to citizens regardless of their profession."

Intimidating

"The extent of the Armed Forces' participation has not gone beyond that requested by the Supreme Electoral Tribunal [TSE]. In addition, the Onusal [UN Observers for El Salvador] electoral commission has overseen their participation.

Cristiani's party, Arena [Nationalist Republican Alliance], is favored to win the elections in a second round, although abstention is expected to exceed 40 percent. "There is no doubt that Arena will win," the Salvadoran president said in Managua.

The FMLN has accused soldiers of intimidating voters and has said that at least 500,000 voters will be unable to vote due to unresolved problems at the TSE.

At the end of Cristiani's last official visit to Managua, which was tinged by a violent clash between the National Police and former Government Ministry soldiers, he said Nicaragua will achieve political and economic development when "a climate of security" prevails in the country.

Joint Statement Issued

PA0503223194 Panama City ACAN in Spanish 0102 GMT 5 Mar 94

[Text] Managua, 4 Mar (ACAN-EFE)—The Governments of Managua and El Salvador today signed a joint statement to stimulate economic integration and alleviate poverty in the area. Salvadoran President Alfredo Cristiani and Nicaraguan President Violeta Chamorro signed the joint statement this afternoon at the end of Cristiani's official visit to Nicaragua, which started on Thursday.

Chamorro and Cristiani reaffirmed their support for a proposal to create the Central American Social Investment Fund Against Poverty. It was agreed to create this fund in the Central American Bank for Economic Integration to alleviate poverty. In addition, Chamorro and Cristiani encouraged the international community to support this proposal both technically and financially to carry out programs and projects aimed at stimulating human development.

The presidents agreed that perfecting the integration process requires joining forces with the social and human development aspects to overcome poverty.

The two presidents expressed satisfaction over the recent signing of an agreement creating a Permanent Central American Commission for the Eradication of Production, Trafficking, Consumption, and Illegal Use of Narcotics and Psycotropic Substances, and Related Crimes. They agreed to create bilateral cooperation mechanisms for the "timely" treatment of matters that, because of their importance, deserve the area governments' joint attention.

They also expressed interest in developing a means of communication that can improve relations between the two countries. In this regard, they agreed to update a study to eventually resume the ferry service between El Salvador and Nicaragua on the Gulf of Fonseca. They also agreed to keep conducting studies to modernize the ports of Potosi in Nicaragua and La Union in El Salvador on this same gulf.

The presidents also admitted the need to keep in force the strategies and policies adopted within the framework of the International Association of Coffee-Producing Countries and the International Coffee Withholding Plan, strategies and policies which make it possible to get a realistic price of coffee.

Chamorro and Cristiani, upon considering the effects of NAFTA, reaffirmed their desire to temporarily receive benefits similar to those in the agreement until Central America definitively joins this instrument.

FSLN Proposes Bases for North Atlantic Government

PA0503012494 Managua BARRICADA in Spanish 3 Mar 94 p 12

[Text] A public communique has revealed that the Sandinist National Liberation Front [FSLN] National Directorate supports a proposal for a "joint coastal government," prepared by the FSLN political commission in the North Atlantic region. "We totally support the proposal," FSLN Secretary General Daniel Ortega said. Last Tuesday, however, Stedman Fagoth, the Yatama [Miskito, Sumu, and Rama Indians, and Creole groups organization] leader and Rio Cocoa candidate for the Liberal Constitutionalist Party, reacted with surprise to the proposal.

According to the document, the objectivies of the FSLN proposal are "to secure respect for the people's vote through proportional participation of each [political] force in the regional government." It also aims to politically stabilize the region by reducing signs of violence, threats, and terrorism.

The North Atlantic Sandinist leaders propose that the minimum bases for this government of unity be: security for all residents, labor stability, proportional distribution of positions on the Regional Council's board of directors, and a consensus on the election of the governor. Also, to guarantee the operation of municipal offices and the establishment of mechanisms to reach "a joint definition on government action with the participation of religious authorities and political forces that do not obtain seats on the Regional Council."

As a means of furthering the implementation of their proposal, the North Atlantic Sandinists suggest a meeting with the regional authorities of the parties that won seats on the Regional Council to discuss their proposal and the creation of a government transition commission.

Technical Assistance Pact Signed With Norway

PA0603164994 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 4 Mar 94

[From the "National Newscast"]

[Text] Norway and Nicaragua have signed a five-year technical advisory assistance agreement in different areas. Twenty-one Norwegian technicians are working in various regions of the country. Milviana Jerez has filed a report:

[Begin recording] [Jerez] Tom Tyrihjell, resident representative of the Norwegian Development Authority and Sergio Mario Blandon, acting foreign cooperation minister, signed the five-year agreement. The average cost for each technician who will provide technical assistance is $80,000.

[Tyrihjell, in progress] ...that is very important, because it represents a relationship more than technical cooperation. It is a relationship at the human level by Norwegian technicians who want to aid a developing country and return to their country with new experience.

[Jerez] The Norwegian technicians are lending their technical assistance in the First, Fourth, Fifth, and Rio San Juan Regions.

[Blandon, in progress] ...is really praiseworthy, because while we have difficult campaigns that hinder the cooperation process in Nicaragua, we are receiving encouragement from countries, such as yours, that are willing to help this country. [end recording]

'Diplomatic Offensive' To Sign IMF Agreement

PA0503152594 Managua BARRICADA in Spanish 4 Mar 94 pp 1, 12

[Report by Roberto Larios]

[Text] Presidency Minister Antonio Lacayo and Economy Minister Pablo Pereira revealed yesterday that the Public Investments Program, which the government considers "the other pillar" of its Economic Reactivation Plan, could collapse if the agreement with the IMF is not signed as soon as possible.

Lacayo also announced the beginning of a "diplomatic offensive" whereby economic cabinet ministers will travel to the United States and Europe to "lobby several people who are politically willing" to help us sign the agreement with the IMF.

"We want to sign it because we know that the flow of money for the agricultural cycle and the public investment programs depends on that agreement. However, the IMF has been very strict and unrelenting with us," the government official stated.

The ministers of the presidency, economy, construction, and FISE [Emergency Fund For Social Investments] appeared before the Nicaraguan Construction Chamber to present the Public Investments Program for 1994. They said 75 percent of the program depends on the signing of the agreement with the IMF.

The Public Investments Program allocates 1.476 billion cordobas for 133 projects. A total of 74 percent of the projects worth 1.087 billion cordobas are dependent upon foreign financing and are subject to the signing of the ESAF [Enhanced Structural Adjustment Facility].

The agreement with the IMF is considered to be a sort of "audit" by the international financial organizations to allow the flow of at least $266 million to Nicaragua under the World Bank's so-called "Economic Recovery Credit II."

According to the government's estimates, the funds assigned to the Public Investments Program will prompt the construction industry to grow 25 percent—in addition to its ripple effect on the economy—and generate 40,000 permanent jobs in 1994.

Approximately 56 percent of the program or 825 million cordobas would be allocated for the reactivation and modernization of the country's economic infrastructure; 26 percent or 338 million for the rehabilitation of basic social services; 19 percent or 282 million for the export support infrastructure; and 2 percent to strengthen the central government's administration.

Ministers to Apply Pressure

As part of the "diplomatic offensive" mentioned by Lacayo, Foreign Cooperation Minister Erwin Kruger

traveled to Paris and London this Wednesday to meet with influential world banking leaders.

Finance Minister Emilio Pereira, Foreign Minister Ernesto Leal, and Central Bank President Jose Evenor Taboada left for New York and Washington yesterday, where they expect to meet with IMF President Michel Camdessus.

"Our main argument is that Nicaragua should have a special status. We have found in most countries a willingness to favor us. However, we will not see the same attitude among international organizations because they have their standards and deal with economic problems by dissociating themselves from social or political problems," Lacayo said yesterday.

He added that the government will attempt to make these organizations see that it is not only a matter of correcting the economy but of ensuring peace and the democratic system.

"We hope we can enter the final stretch of the signing of the agreements with this diplomatic offensive," he observed.

Minister Admits Plans To Dismiss 15,000 Workers

PA0403193094 Managua BARRICADA in Spanish 2 Mar 94 pp 1, 12

[Report by Roberto Larios]

[Excerpt] Finance Minister Emilio Pereira admitted before the National Assembly's Economic Commission yesterday the government is planning to dismiss at least 15,000 workers during the next three years as a result of implementation of the so-called Labor Mobility Program [Programa de Movilidad Laboral].

Virtually harassed by the commission deputies who asked him to explain the details of the program, Pereira conceded the government expects at least 5,000 workers will join the program per year. He added $89 million in foreign financing is being sought in 1994 to carry out the program.

Pereira kept contradicting himself when he answered deputies' questions. For example, he denied the Mifin [Finance Ministry] is pressuring ministries to reduce their budget when only a few days ago Education Minister Humberto Belli told the commission he was told at Mifin: "Either reduce your budget, or we will reduce it for you." He was told he had to reduce his budget by 13 million cordobas.

Sandinist Deputy William Ramirez has described the minister's appearance as "disastrous." Pereira was accompanied by his deputy ministers, Mirna Somarriba and Rene Vallecillo. There was a moment when Ramirez complained to the officials, asking them why they had given the information little by little.

The officials had to face pressure from the deputies for more than four hours. They were demanding, among other things, a list of government offices that will be mainly affected by the Labor Mobility Program and the reduction of 140 million cordobas in public spending, measures demanded by international financial organizations. [passage omitted]

Panama

Costa Rica's Calderon Pays Official Visit

Bilateral Trade Discussed

PA0403131794 Panama City Circuito RPC Television in Spanish 2300 GMT 2 Mar 94

[From the "RPC Television News" newscast]

[Text] Costa Rican President Rafael Angel Calderon Fournier said here today the governments of Panama and Costa Rica are complying with their bilateral agreements to both countries' benefit.

[Begin recording] [Calderon] We have maintained the best relations with President Endara's government. Our people have always maintained good relations in the past and, undoubtably, will continue to do so in the future with the new Costa Rican president as of May and with whomever you elect to govern Panama during the 8 May elections.

[Unidentified reporter] What is the status of bilateral trade between Panama and Costa Rica? Is there anything new?

[Calderon] There is nothing new. Very small differences have appeared regarding certain products, but through dialogue, as we have always done, Panama and Costa Rica have managed to reach an agreement and resolve our differences. [end recording]

Banana Policy Viewed

PA0403225894 Panama City Telemetro Television Network in Spanish 1730 GMT 4 Mar 94

[From the "Telemetro Reports" newscast]

[Text] Panamanian President Guillermo Endara and Costa Rican President Rafael Angel Calderon Fournier spoke to Telemetro about topics of national and international interest.

[Begin recording] [Calderon] Specifically, we had nothing to discuss regarding bilateral issues. We discussed problems with our banana policy toward Europe and the possibility of banana-producing countries meeting in Panama in the next 10 or 15 days to establish a joint position toward Europe.

[Unidentified reporter] How would you assess the work done by your administration at the conclusion of your presidential term?

[Calderon] I am very satisfied with the work I did. The most important thing is not how I view it but how the people view it. In recent polls, 70 percent of the population said government action was satisfactory, 9 percent thought it was bad, and the rest of the population did not comment. This is really extraordinary.

[Reporter] In what condition will the government be when you transfer it to President-Elect Figueres?

[Calderon] We had the highest growth rate for Latin America last year. Unemployment is at 4 percent and there was a reduction of poverty levels. With this, I will pass the government on to him in an exceptional condition to continue moving toward development.

[Reporter] Mr. President, are you confident [Costa Rican] Foreign Minister Niehaus will be elected to the post of OAS secretary general?

[Calderon] I have never been confident of any election. I am used to fighting to the end to win. We have received, in writing, the formal support of 22 nations of the continent. Only 18 votes are required to win, and we trust the 22 nations that have supported us. We are certain none of them will let us down. [end recording]

Meanwhile, President Endara assessed the talks held with his Costa Rican colleague.

[Begin recording] [Endara] Costa Rica has asked Panama to invite the other Latin American banana-producing countries to meet here to see if we can reach an accord on this issue because no agreement had been reached. I think Calderon's visit was very positive from the standpoint of banana production. [end recording]

After a three-day visit to Panama, Costa Rican President Rafael Angel Calderon Fournier returned to his country today. Panamanian President Guillermo Endara Galimany, accompanied by Vice President Guillermo Ford, bid Calderon goodbye at the Marcos Gelabert Airport in Paitilla. The Chamber of Commerce, Industries, and Agriculture invited the Costa Rican president to Panama to inaugurate the 12th version of the Expo-Comer Commercial Exhibit.

President on Drug Operations, Need for New Law

PA0503002194 Panama City ACAN in Spanish 2053 GMT 4 Mar 94

[Text] Panama City, 4 Mar (ACAN-EFE)—Today, Panamanian President Guillermo Endara revealed that drug operations are coordinated with the United States, Spain, Colombia, and Central American countries to prevent drug traffickers from "filtering their dirty money" into Panama's political and economic sectors. "I handle a great deal of confidential information on this issue. We have arrested several drug traffickers and we have found out the money is moved immediately," Endara told ACAN-EFE during an interview held in his office. The Panamanian president, who chose not to reveal specific, coordinated cases of drug operations, emphasized there is "very extensive" cooperation with the United States, Spain, Colombia, Costa Rica, Nicaragua, Honduras, El Salvador, and Guatemala.

Endara said cases in which drug traffickers have been arrested, released, and allowed to leave the country have occurred many times and cannot be considered isolated events. "All of a sudden, we find the drug trafficker is set free and allowed to leave the country. It is a worldwide known fact that the drug business pays a lot of bribes (illegal money commissions)," explained the president regarding the mysterious releases. Endara said he has held meetings with Supreme Court justices and personnel from the Attorney General's Office to get them to adopt measures aimed at preventing such events from occurring again.

The president, however, emphasized that it is necessary to improve the current law on drug trafficking activities. He insisted on the need to approve the draft bill he had sent to the Attorney General's Office, which the parliament "significantly" improved. The new antidrug draft bill introduces the figure of a secret agent, which is not included in the current law.

Endara said it is "absurd" that the same penalties that imposed on drug traffickers be applied to a secret agent if arrested by the police. He added that agents that infiltrate receive the same penalties as drug traffickers who deliver or receive drugs. If a secret agent is sent to jail, "we move heaven and earth" to get him released. Nobody, however, wants to be a secret agent if there are no laws to protect him, the president indicated.

Last Tuesday, during the inauguration of the parliament's last period of sessions, Endara said Panama is being threatened by drug trafficking activities, drug use, and money laundering. He also asked deputies to combat drug trafficking activities and their effects on the country's economic, social, and political life. He called on the deputies to approve the new law so as to be able to fight this "imported scourge" more efficiently.

Attorney General: DEA Violates Sovereignty

PA0603024694 Panama City EL SIGLO in Spanish 5 Mar 94 p 8

[Article by Yuriela Sagel]

[Text] Acting Attorney General Bolivar Davalos recognized that the job done by U.S. federal narcotics agents in covert operations is an act against the country's sovereignty. Davalos indicated that the procedures followed by the covert agents in Panama are not legal. Because of this we have to be very careful because it is a direct act against our sovereignty.

The Mutual Legal Assistance Treaty has not yet been approved by the U.S. Senate, and, therefore, the operations conducted by the DEA agents are illegal, the acting Attorney General said. According to Davalos, at no time since he has been in charge of the Attorney General's

Office have U.S. narcotics officials requested authorization to operate in the country.

Covert U.S. federal agents, in an operation set up a year and a half ago, intercepted more than $10 million in drug trafficking money in which lawyers, accountants, and Panamanian and Colombian businessmen are allegedly involved.

Among those accused are Frank L. Greene, the vice president of the firm Merrill Lynch International in Panama; Steven L. Mills, a top official of the same firm; and Panamanians Ricardo Leyton, a lawyer; Charles Richard McFaden, an accountant; and businessman Luis Sanchez. Also involved are Jorge Rogelio Krupnik, Gilberto Straub and his son, Jorge Rivera, and Patrick Van Duel, who according to the list is an official at the Colabanco Bank. The bank, however, has stated that Van Duel no longer works for them.

The acting attorney general pointed out that any procedure or probe conducted by the Panamanian Government on those involved in the drug trafficking network discovered by the federal agents has to be conducted through the Foreign Ministry. Likewise, any protest by the Panamanian Government toward the United States for the covert work performed by the DEA agents has to be filed by the Foreign Ministry, from whom a statement in this regard is expected.

Meanwhile, Hernan Rubio, president of the Bar Association, said the entire drug trafficking network discovered by the United States is part of a campaign to discredit the country.

PDC Candidate: U.S. Senate Distrusts Authorities

PA0603161894 Panama City EL SIGLO in Spanish 5 Mar 94 p 8

[Report by Roxana Rodriguez]

[Text] Eduardo Vallarino, Christian Democratic Party [PDC] presidential candidate, said yesterday "the United States has not yet ratified the Mutual Legal Assistance Treaty between Panama and the United States, because that country's Senate distrusts Panamanian authorities. [no closing quotation mark as published]

Vallarino said the economic stagnation as well as nonratification of the treaty, which promotes the exchange of drug-trafficking data between the two countries, are due to a great extent to the distrust of certain senators toward Panamanian authorities.

The candidate said certain senators fear information given to Panamanian authorities could end up directly in the hands of drug traffickers.

Vallarino underscored he cannot pass judgment on this, because he cannot say Panamanian authorities would indeed be capable of supplying information to drug traffickers. The bad thing is, he added, that there is doubt about our officials abroad and that there is the belief that a treaty of this nature should not be signed, because we do not deserve to be trusted.

The Christian Democratic candidate said the country has to make the work of the judicial branch and Public Prosecutor's Office more credible in order to neutralize the scourge of drug trafficking and to prevent Panamanians' association with drug trafficking.

He added Panama must establish special corps to fight drug trafficking, because the most serious national security threat facing this country is the financial power drug traffickers and money launderers have used to buy public institutions and even political processes in many countries.

In conclusion, Vallarino said if Panama fails to adopt measures in this regard, we could end up being bought politically by drug traffickers and money launderers.

Perez Rules Out Military Dictatorship Under PRD

PA0403201194 Panama City EL PANAMA AMERICA in Spanish 2 Mar 94 p 3A

[Article by Ernesto Perez Balladares, presidential candidate for the Democratic Revolutionary Party, PRD]

[Text] In some of the meetings I have held in recent weeks, I have been asked, particularly by representatives of the business sector, about the immediate political future of the country in the event my presidential ticket wins the presidency in the 1994 elections. These people specifically insisted that I outline my thoughts regarding the possibility of restoring a military- dictatorial government in the event the alliance formed to support my candidacy were to win the elections.

On previous occasions and through other means, I have had the opportunity to refer to the topic. I have pointed out that one factor must be taken into consideration: the internal transformation—which was unthinkable in other times—that has taken place within the Democratic Revolutionary Party [PRD] regarding its operation. In spite of the complexity of its statutes based on a difficult community organization, we have complied with all steps required for the democratic selection of candidates.

Unrestricted nominations and direct and secret elections led to an internal mobilization to a degree never seen before. To this effect, I am proud to say that the custom of choosing leaders and candidates from outside the party according to the likes or dislikes of the chiefs of military zones has been surpassed. This has led to a democratic practice that strengthens party organization; thus the PRD has become an important factor in the consolidation of the system.

My fellow party members and I are aware that access to state leadership is only possible and desirable through respect for and compliance with the rules of political coexistence. At the proper moment, we rejected all attempts to disturb institutional order through acts of

force or riots that tried to change the structure of the state or stability. More than once, we firmly said that any political or military adventure that sought to shorten the presidential term of Guillermo Endara would be openly rejected by our party. This led to severe criticism by some politicized groups for which such a criteria "extended the life of Endara's government" and led—according to them—to a sort of suicide because all hopes for redeeming the country were reduced to an electoral result. That was the same time at which the proposal for a constituent assembly was promoted, based on the erroneous idea that it could direct the course of events and substantially change the country's situation if the legitimacy of the government was questioned.

The aforementioned facts show that the PRD decided to take political action within the system, with clean and open cards and with a sincere admission of the errors that at one fateful moment isolated the party from the majority of the nation. Within the PRD, we feel a noble and healthy pride at having surmounted such difficult stages and at having reached a new democratizing conscience that, in just four years, has turned it into an obligated point of reference at the hour of describing the national situation.

Meanwhile, there is no military group that, for reason of any political force, can reassume direction and control of public functions. Nobody in Panama has that ability to garner nationwide support. No one can lead all the driving forces of the nation to establish autocratic governments that do not comply with the norms of political and social coexistence.

To this effect, I think that any president, party, union, or group that tries to substitute the laws of political consensus with a government that has unrestrained power will be left without the national support necessary for its legitimization. Consequently, its possibilities for ruling will be reduced to a minimum. There is currently no political or social condition that will allow the existence of autocratic or dictatorial governments. Even at the international level, there is no room for new radical experiments, given that the collective conscience abroad emphasizes the new paths man must follow, greatly concerned over his rights and freedom, without forgetting the urgent social needs that have been increasing in recent years.

Therefore, I point out that the democratic organization should try to improve so it will likewise have the ability to offer true solutions to the people with fewer resources and will grant them the educational instruments to develop in today's complex society.

The only thing that we ask is that the rules of the game not be changed; that it be accepted that we exist; that we participate in the system; that we are prepared to win; and that our government is completely feasible. It is a simple duty of understanding the reality of the country in a mature manner and with a sense of responsibility.

Argentina

Menem Blames 'Ultraleftists' for 2 Mar Violence

PY0503214694 Buenos Aires CLARIN in Spanish 4 Mar 94 p 12

[Text] In Barcelona, President Carlos Menem yesterday blamed "Marxists, ultraleftists, and All for the Fatherland [MTP] activists" for having caused the violent incidents in Plaza de Mayo on 2 March.

In remarks to Radio Mitre, Menem said: "They are cowards and scoundrels, who do not know how to behave themselves under a democracy. It is not worth bothering with these criminals."

In the afternoon of 2 March a group of people joining a retirees' march stoned the government house. Afterwards the police responded, and various people who had not thrown any stones were also involved in the repression.

The president again discussed this issue at the end of a reception hosted by Barcelona Mayor Pascual Maragall. A large group of Argentines living in the Catalan city participated in the reception. Menem stressed: "The square was full of red flags."

Asked how he received this information, Menem responded: "I received it from Buenos Aires."

Even before he arrived at the Barcelona (municipal) city hall, the president disclosed that he "had reports" that "groups interested" in disrupting public order were involved in the Plaza de Mayo incidents. He enumerated them: "Leaders, [Grand Front Deputy Carlos] "Chacho" Alvarez, [Radical Civic Union Senator] (Fernando) de la Rua, the MTP, the Workers Party..."

In Buenos Aires, however, Interior Minister Carlos Ruckauf preferred to wait for the courts to decide. He said: "After all I have suffered, I do not want to imitate McCarthy." Ruckauf added: "I will not single out anyone politically until a judge hands down the appropriate ruling and it becomes known who, according to the courts, is guilty and who is innocent."

Radical Civic Union [UCR] President Raul Alfonsin could not restrain his annoyance over what he described a "disproportionate police action."

The former president also expressed his solidarity with the retirees. In his opinion, the 100th retirees' march became "a protest demonstration by all the sectors that are enduring the callousness of an economic policy that does not take the people into account."

Senator Fernando de la Rua, his opponent in the UCR primaries, was not as critical. De la Rua told journalist Bernardo Neustadt: "A group of activists who caused the disorder appeared, and then came the police repression." De la Rua made it clear that he did not participate in the retirees' march.

For his part, Raul Galvan, the UCR bloc leader in the Chamber of Deputies, announced that his party would ask for the interior minister's interpellation "to explain why the police made indiscriminate repressions."

Speaking for the center-left, [Grand Front] Deputy Graciela Fernandez Meijide stressed: "Those who stoned the police must be criticized, condemned, and repudiated. I believe these people were not supporting the retirees." Nevertheless, the Grand Front legislator said: "The police, who brutally beat the people, must also be repudiated."

Army Relief Troops Depart for Croatia 3 Mar

PY0503204494 Buenos Aires CLARIN in Spanish 4 Mar 94 p 10

[Text] The fourth contingent of Argentine 5th Army Battalion (BEA 5) personnel left for Croatia on 3 March from Ezeiza International Airport. The Argentine soldiers will join UN troops that are monitoring the cease-fire in Croatia.

The latest Argentine contingent will replace the 4th BEA detachment which has been carrying out its UN mission in Croatia for six months.

Relatives and Army officers said farewell to close to 150 officers and noncommissioned officers at a ceremony held at Ezeiza International Airport. Division General Raul Gomez Sabaini, deputy chief of staff of the Army, presided over the ceremony.

The Argentine soldiers will arrive in Zagreb, the capital of Croatia, at 1100 Argentine time [1400 GMT] on 5 March. Their flight will make technical stopovers in Recife (Brazil) and Las Palmas, Canary Islands.

BEA 5 has 901 men and three women. Its commander is Lieutenant Colonel Domingo Justo Machado. The battalion will help enforce UN resolutions.

The United Nations has had to take action in Croatia (Western Slovenia of the former Yugoslavia) [as published] after the country fell apart due to serious domestic conflicts prompted by political, religious, and racial motives.

The mission of Argentine troops is to monitor the cease-fire, set up observation posts, patrol specific areas, help the civilian population, oversee exchanges of prisoners, supervise the refugees, and clear minefields. Each operational contingent will stay in Croatia for six months. Of all UN "blue helmets" operations throughout the world, the one in Croatia involves the largest number of troops.

Bolivia

Ex-President's Secretary Held on Drug Charges

PY0403183194 Madrid EFE in Spanish 1717 GMT 4 Mar 94

[Text] La Paz, 4 Mar (EFE)—Radio Panamericana reported here that Susana Seleme, former President Jaime Paz Zamora's private secretary, was arrested today in the city of Santa Cruz on charges of alleged involvement in the drug trade.

Seleme's arrest was neither confirmed nor denied by Interior Minister German Quiroga. Seleme is considered to have been one of Paz Zamora's closest aides both during and after his presidential tenure.

Quiroga stated that he could not talk about arrests or arrest warrants because this is a confidential matter. He did not rule out, however, the arrest of other politicians linked to Paz Zamora's administration (1989-93).

Attempt To Arrest Secretary Protested

PY0403184094 La Paz Television Nacional Network in Spanish 1700 GMT 4 Mar 94

[Text] Oscar Eid Franco, president of the Movement of the Revolutionary Left [MIR], this morning reported an attempt to abduct and arrest former Susana Seleme, former President Jaime Paz Zamora's private secretary.

Eid Franco also confirmed that former President Paz Zamora testified as a witness before the military court in Tarija in connection with the TAB [Bolivian Transportation Airline] case on the alleged irregular purchase of five aircraft during his government.

[Begin Eid recording] I want to confirm that at 1700 on 3 March at his residence (?El Picacho), Jaime Paz Zamora was questioned as a witness by the Supreme Military Court regarding the TAB case. This legal procedure was fulfilled on 3 March and the Military Court already has the necessary information at hand.

I also would like to protest and report the attempt to abduct and arrest fellow partisan Susana Seleme on 3 March in Santa Cruz, a procedure that fully violates our laws. We regret this sort of thing happening in democracy, especially because we already have asked Congress to carry out an investigation. Therefore, these procedures only mar the image of our organization because the only information valid for the adoption of legal measures then will be from an investigation. [end recording]

Secretary Denies Arrest

PY0403202194 Madrid EFE in Spanish 1824 GMT 4 Mar 94

[Text] La Paz, 4 Mar (EFE)—The private secretary of former Bolivian President Jaime Paz Zamora today denied to EFE that she had been arrested by Special Antinarcotics Force (FELCN) members.

During a telephone conversation with EFE, Susana Seleme said from her home in Santa Cruz, 851 km east of La Paz, that she had never been arrested and that the FELCN had not summoned her to testify.

Radio Panamericana of La Paz today said that Seleme had been arrested for alleged links with drug trafficking.

Interior Minister German Quiroga did not want either to confirm or deny the arrest of Seleme because, he said, it is "confidential information."

In statements to Radio Panamericana, Quiroga also did not confirm or deny that an arrest warrant has been issued against other leaders in Paz Zamora's party, the Movement of the Revolutionary Left (MIR).

Secretary Says Niece Mistakenly Detained

PY0403213994 Madrid EFE in Spanish 1937 GMT 4 Mar 94

[Text] La Paz, 4 Mar (EFE)—Susana Seleme, private secretary to former Bolivian President Jaime Paz Zamora, today reported that police agents attempted to kidnap her in Santa Cruz, and that by mistake they arrested and held for several hours her niece, Luisa Rodriguez.

Seleme's niece confirmed that on 3 March she was detained by a group of individuals, apparently policemen, who detained her for several hours while they questioned her about her aunt.

A Bolivian radio station today reported that Susana Seleme had been arrested for alleged links with drug trafficking. Interior Minister German Quiroga did not want to either confirm or deny this report, and Seleme herself denied to EFE in a telephone conversation from her home that she had been arrested.

Susana Seleme, together with some leaders of her party, the Movement of the Revolutionary Left (MIR), denounced before District Attorney Francisco Borenstein the kidnapping of her niece by a group of six armed men, and accused the antinarcotics police and the U.S. DEA of political harassment.

Seleme said she feels harassed by the U.S. Embassy in La Paz over her old and excellent relations with the Cuban Government, and especially with Fidel Castro.

Sources from the Special Antinarcotics Force (FELCN) consulted by EFE in La Paz said that no orders had been issued to carry out an operation like the one described by Seleme, because any such procedure—that is, an arrest—is always carried out within the law.

Other FELCN sources said that the role of the DEA is restricted to logistical support and the processing of information obtained from drug enforcement operations. The sources said DEA agents do not participate in this kind of operations, in compliance with bilateral agreements signed between Bolivia and the United States.

Drug trafficker Carmelo "Meco" Dominguez testified before a dangerous substances judge in La Paz that Susana Seleme allegedly protected drug traffickers.

Dominguez said that the MIR leadership met on several occasions with Isaac "Oso" Chavarria, allegedly the greatest drug trafficker in Bolivia, who was arrested last January by the FELCN, to discuss the financing of Paz Zamora's party campaign.

Susana Seleme's niece today told EFE that during the afternoon of 3 March she left Seleme's house in Santa Cruz and got into a "radio-taxi," which was intercepted fewer than 100 meters from where she got into it by three vehicles, from which six armed men emerged.

"They told me: Get out, Susana Seleme. I took off my sunglasses and told them that I was not Susana," Luisa Rodriguez said, adding that although the men did not show their identification cards they said they belong to the FELCN.

The men, Rodriguez said, got into the "radio-taxi," ordered the driver not to communicate with his central radio system, and then began to question Rodriguez.

Meanwhile, given that Luisa Rodriguez was taking a long time to arrive at her destination, Susana Seleme called the "radio-taxi" central, which with the aid of other taxis quickly found Rodriguez' car, Seleme said.

Susana Seleme asked District Attorney Borenstein to accompany her to the place together with a police patrol, where they arrived a little while after the men returned her identification documents to her niece and told her that they had nothing against her or her aunt.

Secretary, Former Officials Summoned

PY0503134294 La Paz Radio Fides Network in Spanish 1100 GMT 5 Mar 94

[Text] In a seemingly all-out war waged by the national government, the Santa Cruz Special Antinarcotics Force has summoned Susana Seleme, a former secretary to the president of the Republic [Jaime Paz Zamora]; Rolando Arostegui, a former Santa Cruz mayor under the Patriotic Accord administration; Carlos Valverde, a former Interior Ministry intelligence department chief and a former assistant to [former Interior Minister] Guillermo Capobianco; Orlando Elmer Saucedo, the Interior Ministry seizures department chief during Capobianco's tenure; and other officials whose names we were unable to obtain.

Effects of La Paz Civic Strike Viewed

PY0403123794 La Paz Television Nacional Network in Spanish 0100 GMT 4 Mar 94

[Excerpts] Minister of Government German Quiroga stated that the majority of people support the government and the success of the strike in La Paz was the result of the scare provoked by the Civic Committee.

Quiroga had to admit the La Paz Civic Committee's power and the extent of the strike:

[Begin Quiroga recording] Services have been reduced because of the pressures and the vehicles that blocked the streets. We have stated that the strike has thus begun and that it continued to increase. Approximately 70 percent of the banks opened but all of them are now closed because of the pressures by the Civic Committee brigades. The same thing occurred with transportation in the Achachicala and Vino Tinto areas, where public buses were stoned and microbus windows broken. The bus owners, obviously, decided to suspend services.

Markets on Buenos Aires Avenue and even on Bilinquentes Comunes Street were looted in the name of the Civic Committee. Such actions by criminals caused fear, and the city of La Paz probably will be completely paralyzed this afternoon. [end recording]

Quiroga said the La Paz Civic Committee did not have to declare this strike:

[Begin Quiroga recording] All the points proposed to the government by the Civic Committee have been positively answered, including the budget issue. They asked the government not to reduce the department's budget. La Paz Department's total budget was increased more than 8 million bolivianos under a system of equal participation for the number of people in the department in order to match the revenues of the cities with those of the rural areas. This was explained in detail to La Paz Civic Committee President Freire, but he stated that it was not possible to suspend the strike at the time this was explained, that is, at 8 p.m. [end recording] [passage omitted]

Quiroga concluded by saying that no confrontations occurred in La Paz, and civic strikes were not observed in Beni and Pando Departments.

Brazil

Decision Not To Use Super 301 Against Brazil Praised

PY0403175994 Sao Paulo GAZETA MERCANTIL in Portuguese 2 Mar 94 p 4

[Editorial: "Respecting International Regulations"]

[Text] The comprehensive news reports on the approval of the Social Emergency Fund (FSE) and the creation of the Real Value Unit (URV) overshadowed the announcement of the decision last week by U.S. Trade Representative Michael Kantor to not recommend imposing sanctions against Brazil for still not having a law on the protection of industrial property satisfactory to Washington's demands. It would not, however, be an exaggeration to say that this decision is very important to the Brazilian economy because it eliminates a threat that could strain our relationship with the United States.

The much-talked-about lack of international credibility Brazil enjoys for not fulfilling its promises was denied in a note issued by Kantor, who not only recognized but also praised the Brazilian Government's efforts to modernize its patents law. Contrary to what many believed—this daily among them—President Bill Clinton's administration showed signs of understanding the reform process Brazil is experiencing, within a democratic framework, to be able to regain its place in the world market. In fact, it would not only be unfair but also politically inadvisable to impose retaliatory measures against Brazil precisely when it is trying, in the midst of all sorts of obstacles, to open its economy.

As is obvious, the U.S. decision is the result of an intensive nine-month negotiation. There were times when it seemed impossible that the United States would not resort to the so-called Super 301 trade law to force Brazil to adjust to the patterns considered correct for the protection of industrial or intellectual property. As was even reported, Kantor is tired of Brazilian explanations that the approval of the specific draft bill was in Congress' hands, which led U.S. officials to believe the Brazilian Government had no political will to change the country's previous stance regarding patents. Even at the worst moments, Brazilian diplomacy did not become discouraged and kept open the direct as well as the indirect communication channels with Washington through the Foreign Ministry and the embassy. Brazil's position was clearly stated: If, after almost seven years of the Uruguay Round of talks, guidelines regarding intellectual property were established and the government officially promised to sign them during the April meeting in Marrakesh, there should be no controversy with the United States on the subject. All that needs to be done is adopt the regulations negotiated at the international level, which is what Brazil intends to do.

Kantor's note significantly asserts that "Brazil has demonstrated its leadership role by promptly implementing Uruguay Round measures regarding intellectual property." This represents an undoubtable step forward because it clearly means that the United States accepts that international economic relations be established according to GATT regulations—or those of the World Trade Organization (OMC) that will replace the GATT, without intending to impose its own regulations. Consequently, it is assumed that Washington will accept that international organization's ruling in case of controversies.

Those who eternally uphold conspiracy theories will say that the United States will reach "secret agreements" with Brazil. In addition to being offensive to our two democracies, the argument sounds ridiculous. Is a secret agreement necessary for sovereign countries to promise to abide by international regulations and procedures?

We must mention the contribution Kantor's decision has made to the success of the conference scheduled to be held in May in Washington where President Clinton will meet the democratically elected Latin American and Caribbean chiefs of state. Solving conflicts through negotiations is essential for the proposal of the economic integration of the continent's countries to make progress.

Foreign Investment in Stock Exchange Restricted

PY0403230094 Rio de Janeiro O GLOBO in Portuguese 3 Mar 94 p 21

[Text] Brasilia—On 1 March the government issued Provisional Measure No. 438, establishing restrictions on foreign capital to be invested in stock exchanges. The new decree provides for the levying of the Financial Operations Tax (IOF) on exchange operations, which will have to pay as high as 25 percent in IOF. A total of $12 billion were invested in the stock exchange last year.

Gustavo Franco, international area director at the Central Bank [BC], yesterday asserted, however, that the government will not restrict the entrance of foreign capital into the country. He explained that the government is not interested in imposing more restrictions on the inflow of foreign capital, at least until the new currency, the real, is instituted.

He stressed: It would be a contradiction to impose restrictions before the real becomes effective, as we are then going to need reserves. He also acknowledged that the unification of foreign exchange markets may be effected on the same day the real is instituted as the currency.

According to Franco, the provisional measure only seeks to consolidate the legislation on the IOF and to put an end to lawsuits as far as exchange operations are concerned. He nonetheless conceded that the financial market was in turmoil after the news of the provisional measure was learned. Franco said that yesterday the BC had been deluged with requests for authorization to issue bonds abroad.

He stated: People rushed to request authorizations so as to avoid paying the 25 percent tax.

Franco explained that the rate of 25 percent had been established since 1980, and that the implementation of the 3 and 5 percent rates—levied on incoming capital for fixed earnings operations and issuance of bonds abroad, which came into force last year—gave rise to legal problems. He could not, however, explain the three-month delay in the filing of legal proceedings once the new rates were instituted in November 1993.

On 2 March the BC suspended the five-day deadline for the automatic approval of authorization requests in case it is unable to meet the said deadline during in the coming days. According to Franco, it will be impossible for the BC to analyze all the requests that were submitted yesterday to the BC within five days.

A source close to the BC guaranteed that the intention of the economic team is also to control the black market dollar, as it has now become the favorite target for irregular transactions because of its lagging behind the

commercial rate—or in other words, the black market dollar rate of exchange is lower than that of the commercial dollar. In order to check these irregular transactions, the BC determined on 2 March that all real cruzeiro remittances for the payment of debts abroad be made following the submission of the necessary documentation.

This CB measure will be instrumental in thwarting a transaction often made by importers, which consisted of paying for their imports in real cruzeiros, i.e., by just remitting money, which enabled them to keep the bill of lading for their imports. The transaction was thus cheaper. As Franco explained, the idea behind this was to get returns when the black market dollar exchange rate becomes once again higher than that of the commercial dollar. In that case, the importer would have resort to the bill of lading to bring dollars from abroad at the commercial rate of exchange, just to subsequently sell them on the black market. In a move that sought to push the black market dollar up, the BC also decided yesterday that any dollar amount exceeding the limit allowed for banks may be deposited at the BC. Banks are thus expected to be more willing to receive dollar notes.

Cardoso Views Minimum Wages, Privatization

PY0403180294 Rio de Janeiro O GLOBO in Portuguese 3 Mar 94 p 20

[Article by Rossana Alves]

[Text] Brasilia—During a breakfast with foreign correspondents, Finance Minister Fernando Henrique Cardoso used the occasion to send a tough message to Congress: The government is not willing to negotiate the terms of the provisional measure creating the Real Value Unit (URV) with the legislative branch because the program must be fully maintained. According to the minister, if the legislative branch approves the measure, the possibility of running for president will be more remote. If the legislative branch rejects the measure, it would pave the way for his departure from the government and his involvement in the campaign.

Already anticipating that the PSDB [Brazilian Social Democracy Party] would strongly press him to become the party's presidential candidate, Fernando Henrique noted: "If Congress says no to my proposals, it would be the best way of making me a candidate. If Congress says yes, it would bind me. By saying no, Congress would liberate me. If Congress makes a drastic decision against my proposals, it is not necessary for me to remain in the government."

The minister noted that it would not be viable to implement the new currency by 2 April when the deadline for the ministers who are also candidates to leave the government expires. Nevertheless, he cautioned that if prices run out of control, the government might advance the implementation of the new currency because the measure allows for the creation of the real at any time.

Rates

The provisional measure restores to the finance minister the power to establish rate increases in electricity, fuels, telecommunications, and postal services, among other services. According to Fernando Henrique, the governors may not increase the energy rates, for example, without previous approval by the ministry. The previous rules will be maintained: Once or twice a month the rates will be adjusted using the average rates of the past four months.

Oligopolies

The Finance Ministry has listed the prices for 470 products sold by oligopolies during the past three years. If there are any abusive increases, the minister noted, entrepreneurs will be summoned to give explanations. Fernando Henrique admitted that it will not be easy to negotiate with these sectors, which are responsible for 30 percent of the products included in the inflation rate. Nevertheless, he announced that the government might reduce import tariffs as a way of preventing excessive increases. The minister cautioned that it is not easy to negotiate with oligopolies "in Brazil or the United States."

Minimum Wages

Despite the fact that the government has formed a commission to study a way of increasing the minimum wage's purchasing power by 50 percent by the end of year, Fernando Henrique described this possibility as not viable. In his opinion, the commission will study if minimum wages can be increased, guaranteeing economic stability. Fernando Henrique noted that the decree forming the commission "is a sign that the government is not satisfied with minimum wages, that they are low." He used the occasion to satirize the trade unions that announced strikes against the losses caused by the conversion to the URV system.

Public Deficit

The minister guaranteed that the government managed to bring the public deficit to zero last year—both the primary deficit (revenues less expenditures, not including interest) and the operational deficit (including expenditures and interest)—at the expense of strongly curbing expenditures. He reported that the government now wants to guarantee a zero deficit without withholding the release of appropriations and without using the so-called inflationary tax that totaled about $12 billion last year. The minister hinted that the declining inflation rate will cause problems for state banks, which will have to introduce a strong adjustment to survive in a stabilized economy. He said: "There will be a shower of marches and protests by bank employees, especially Bank of Brazil employees, because the banks will have to streamline."

Foreign Exchange Rate

Despite the substantial entry of dollars, which causes problems in the management of the quantity of real cruzeiros circulating in the economy, the minister ruled out the possibility of implementing measures to restrict the entry of foreign capital into Brazil. According to the minister, the government has not officially put our national currency at par with the dollar, like in Argentina, in order to allow more leeway in establishing the foreign exchange rate. The goal is to prevent an overvaluation of real cruzeiros against dollars, which would discourage exports.

Privatizations

The minister announced that the government plans to sell its minority stock in public and private enterprises, including the National Iron and Steel Company, this week. Through privatizations, the government hopes to collect $900 million this year.

Congressmen Decry Economic Plan, Urge Changes

PY0403031694 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Mar 94 p B1

[Text] Without any party leader to defend it, the government yesterday became the main target of attacks from lawmakers who took the floor at the Chamber of Deputies in Brasilia. PMDB [Brazilian Democratic Movement Party] and PT [Workers Party] lawmakers united to accuse Finance Minister Fernando Henrique Cardoso of harming workers through the conversion of salaries into the real value unit (URV). In Sao Paulo, Civilian Household Chief Henrique Hargreaves said that the government is willing to negotiate the economic plan in Congress, but with some restrictions.

"The plan may not be distorted," Hargreaves said. "If Congress cooperates with proposals to improve it, the government is willing to study them," he said, adding that "I am convinced, however, that the plan will be approved, because congressmen will not take the responsibility of rejecting it without proposing alternatives."

Hargreaves last night attended the ceremony introducing the new General Motors car, the Corsa, at the General Motors plant in San Jose dos Campos (Sao Paulo), where the majority of entrepreneurs praised the plan. He represented President Itamar Franco, who canceled his presence at the event at the last moment—on Sunday evening—following publication of the new price index.

Hargreaves declined to refer to technical details of the plan, on the grounds that it is not his area. He said he knows that the finance minister has admitted that some sectors will sustain salary losses, but he does not expect strikes, because workers will in the long term win.

"The only objective of the government and of President Itamar Franco is to find a solution for the country to improve," he said. "Congress is aware of the difficulties," he said.

Critical Topics

In Congress, a large number of lawmakers expected modifications in the provisional measure that created the URV. Congressmen, who were dissatisfied, pointed at two critical topics in the government proposal: the salary deterioration and the lack of control over prices.

"It is a plan to be negotiated, and it is natural for it to undergo changes," said PMDB Deputy for Rio Grande do Sul Germano Rigotto, who is candidate for rapporteur of Provisional Measure No. 434 and for assuming the leading role in the negotiations. PSDB [Brazilian Social Democracy Party] Senator for Ceara Beni Veras, the finance minister's fellow party member, has said that "there is always room for negotiations."

PT members said they would propose changes in the provisional measure in order to convert salaries by the highest inflation rate. PT Deputy for Rio Grande do Sul Paulo Paim—the chairman of the Labor Committee—said that the Chamber has the obligation of preparing a conversion program to guarantee conversion by "at least the inflation rate, as is granted to workers by the current salary policy." He recalled that labor sectors with collective agreement renewal dates on 1 March will sustain a loss of 33 percent, according to the Interunion Department for Statistics and Socioeconomic Studies (DIEESE).

PMDB Deputy for Pernambuco Nilson Gibson, who referred to Cardoso as the "atheist minister," said that the salary loss is "the worst deterioration since the time of Minister Delfim Netto."

Political, Economic Officials View Economic Plan

PY0403164594 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Mar 94 p B11

[Text] Part of the Brazilian population woke up 28 February with more optimism. The rest began the day praying. In general, people are insecure and poorly informed. Even some politicians very close to the government have said they know very little about the new economic plan. URV [Real Value Unit] is an acronym that means hope for some people and loss and injustice for others. There are various reactions to this still unclear acronym. Some people vow to incorporate it into routine life swiftly and with confidence, while others threaten to fight it with a general strike.

There are many doubts about the plan. The salary deterioration issue is one of the first problems Brazilians would like to see clarified. Few people believe Finance Minister Fernando Henrique Cardoso's promise that workers will not be harmed. The directors of the main Brazilian industries—even though willing to support the change—are concerned about the government possibly increasing the ICMS [goods and services distribution tax] and the possibility of costs being pressured by suppliers and manpower. Minister Cardoso's leading

role in the plan's implementation, at the time of presidential elections, is another source of doubts.

Bahia Governor Antonio Carlos Magalhaes: "I listened carefully to everything. The minister talked a lot but I could not understand anything. I am in the same situation as 150 million Brazilians who do not know anything. I am a good Brazilian and I want it to succeed. I will pray and ask God for the plan's success. Since I am close to the Lord of Bonfim, I will pray to him."

Brazilian Federation of Banks (Febraban) President Alcides Tapias: "The financial sector will gradually adapt itself to the plan. Society needs to understand the URV, and the government has to control spending. The plan depends on credibility. It would be ideal to delay implementation of the new currency so society can see the government's transparent behavior. I am not concerned about strikes because the conversion of salaries is fair."

General Workers Confederation [CGT] President Francisco Caninde Pegado: "The CGT has total distrust in the new government economic plan's measures. The proposal to convert salaries by an average value, disregarding February's inflation rate, leads to the conclusion that we will have major salary losses. There is no magic in this. Workers have not received an answer yet on the possible inflation rate in URV's. We cannot support a plan like that."

Sole Workers Center (CUT) President Jair Meneguelli: "The plan does not have anything that can improve the economy or reduce inflation. It will produce salary deterioration, and its only merit is that it will institute a salary policy with daily adjustments. But what will happen if the inflation rate affects the URV? We will have no salary policy at all, and this could be chaos."

Workers Party (PT) President Luis Inacio Lula da Silva: "Minister Fernando Henrique Cardoso's economic plan follows the IMF's guidance for stabilizing the currency and resolving the problems of Brazilian creditors. Even if conditions at this time are not ripe, the atmosphere for a general strike will surely develop, depending on the size of the loss that workers will suffer."

Former Central Bank President Ibrahim Eris: "It is a plan that calls for moderate sacrifice from society, nothing dramatic. With the URV's adoption, difficulties will tend to disappear. Brazil's indexation is so sophisticated that only those without access to the financial sector will suffer inflation losses. That is why those people will be the main beneficiaries of the plan, of the economy's stabilization. Society will become accustomed to the new index in 60 days."

Ricardo Yazbek, president of the Association of Sao Paulo Real Estate Enterprises (Secovi): "It is a plan without magic and with the conditions essential for success: The deficit was eliminated, there is a high level of reserves, and the minister has credibility."

Ruy Altenfelder, director-treasurer of FIESP [Sao Paulo State Federation of Industries]: "There is a consensus among entrepreneurs that the working class should not suffer salary deterioration. Anything in this regard will be negotiated."

FIESP Department of Economy Director Mario Bernardini: "Everything leads to the conclusion that there will be inflationary pressure and if appropriate measures are not implemented, the inflation rate's drop will be temporary."

Carlos Eduardo Uchoa Fagundes, president of the Brazilian Association of Lighting Equipment Manufacturers (Abilux): "We should not forget that it is a temporary plan. Only structural reforms, especially tax reform, can turn it into something stable."

Jose Joao Locoselli, president of the Brazilian Association of Cleaning Product Manufacturers (Abipla): "If the public deficit does not disappear, we will be simply changing our currency and nothing else. An artificial plan will not resolve anything."

Eduardo Capobianco, president of the Civil Construction Industry Association (Sinduscon): "Our contracts were frozen for one year because over this period the sector's index that reflects our cost variation will not be used. This can produce turbulence."

Siemens President Herman Wever: "Conflicts in negotiations between enterprises will increase. But this is healthy. I have not yet reported the plan's details to our headquarters because I believe they will not understand anything."

Olivetti President Enrico Misasi: "The government will have to make a great effort to implement the fiscal adjustment before replacing the real cruzeiro with another currency. Without this, I see no possibilities for controlling inflation."

Ivan Botelho of the Cataguazes-Leopoldina enterprise: "The plan did not change anything and, summarizing, it is only a salary plan and a plan for controlling new contracts. There are no major changes for the population."

Eduardo Eugenio Gouveia Vieira, director of the Federation of Rio de Janeiro Industries: "Article 34 of the provisional measure provides for some price control, and even seems to be a disguised freeze."

Bradesco [Brazilian Discount Bank] President Lazaro de Mello Brandao: "The plan's good point is its strong budget balance. The salary policy already has been approved and the URV is being properly assimilated."

Embraer [Brazilian Aeronautics Company] President Osires Silva: "I am optimistic. I believe it will work better than Argentina's Cavallo plan because in that country the measures were strongly orthodox. I believe the plan will benefit both enterprises and workers."

Alvaro Augusto Vidigal, president of the Sao Paulo Stock Exchange (Bovespa) and the Paulista Bank: "The URV is simply a salary and contract index. Inflationary expectations—which will continue—will be embedded in the price of products."

Edward Amadeo, Rio de Janeiro Catholic University economics professor: "The inflationary trend in real cruzeiros could speed up because prices are uncontrolled and some enterprises already have said they will not set prices in URV's. This would make any increase very obvious."

Lawyer Ary Oswaldo Mattos Filho: "The plan has been gradually discussed; it has been implemented without shocks and respecting all contracts. One of its major merits is that it is the plan that is causing the fewest number of jolts, especially in the transition period between enforcement of the URV and creation of the real."

Reynaldo Goncalves, Federal University of Rio de Janeiro (UFRJ) professor: "The government feels comfortable with its $33 billion reserve that supports the plan, but it is actually sitting on a powder keg."

Celso Bastos, Sao Paulo Catholic University constitutional law professor: "In general terms, the plan is positive and more legal than all the others because it does not include conversion tables and confiscations, which were negative measures because of the distortions they caused. This plan does not imply great violence."

Lawyer and taxation specialist Ives Gandra: "The bonus that the government has granted to state-run enterprises has once again created first- and second-class Brazilians. It is unethical and unjustified because the government preaches austerity."

Guilherme Afif Domingos, president of the Brazilian Confederation of Commercial Associations: "The plan's success depends on the presence of Fernando Henrique Cardoso. Oligopolies can manage to impose prices, but the others cannot. If businesses adjust prices by the highest rate, they will have to reduce prices in URV's after a drop in sales. My doubts refer to the plan's management because we are in a time of a presidential succession."

General Motors do Brasil Vice President Andre Beer: "The plan was intelligently managed, without pressure or a freeze. There is an atmosphere of tranquillity and optimism. But we will have to see what happens with our suppliers and labor, and whether they will pressure costs. The point we feel most concerned about is the threat of the states, through the National Fiscal Policy Council (Confaz), increasing the ICMS."

Sergio Reze, president of the National Federation of Vehicle Dealers (Fenabrave): "We suggested dollarization of car prices in January 1993 and we were criticized, even by the government. The URV is important because it will give consumers a reference for evaluating the real cost of products. Most car manufacturers are already adjusting prices on a daily basis, and the trend is to immediately adopt the URV."

Luiz Adelar Scheuer, president of the National Association of Automotive Vehicle Manufacturers (Anfavea): "Everybody tends to adopt the URV. What we should now is see the behavior of taxes, raw material prices, and salaries. If they are increased, this will be passed on in final prices. But I do not think there will be cost increases."

Business Leader Analyzes New Economic Plan

PY0403135994 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Mar 94 p B5

[Article by Carlos Eduardo Moreira Ferreira, president of the Sao Paulo State Federation of Industries and Sao Paulo State Industries Center, FIESP-CIESP]

[Text] The FHC [Fernando Henrique Cardoso] economic plan, the main item of which is the implementation of the Real Value Unit [URV], constitutes an organized government effort to subdue the inflationary process, but it will not be successful in the medium or long term unless it is supplemented by structural reforms allowing the mounting of an effective fight against inflation's roots and causes. When the URV is transformed into the real, the economic program will be able to reduce the present inflation rate to around zero. But this achievement will be in vain unless the country can implement a state and tax reform program, introduce changes into the social security and political systems, and make other adjustments that are essential for balancing the economic system.

We are afraid the FHC plan's effects will not last long because we do not know if the economic stabilization strategy based on the real will be maintained for long. We know the structural problems were not removed. The fiscal adjustment implemented so far has great deficiencies and loopholes. If we are not capable of formulating more permanent answers to unravel the crisis, we will surely fall down the same hill that destroyed the Cruzado Plan, which had a big impact but a short life. The simple change in currency will not take us anywhere.

In this context, we are greatly concerned by the cost to be paid by industry and employees. We know that by indexing the foreign exchange to the value of the real, eventual residual inflations in the real will mean a loss of Brazilian competitiveness in the internal and external markets. That situation would disorganize the market, creating instability and great expectations in the productive sector. This is precisely why we hope the plan will be successful and sustained in an orderly fashion, the constitutional revision process will end in good form, meaningful changes will be promoted in the field of monopolies, the privatization process will be speeded up, and changes will be introduced in the field of social security, among other items.

On the other hand, our industries vigorously defend the maintenance of the purchasing power of workers' salaries. We oppose any attempt at reducing salaries because we understand consumers' purchasing power is an instrument that consolidates markets. We also support the idea of maintaining salaries at realistic levels. All salary losses must be negotiated before the plan's second phase takes effect.

We also believe that the sooner the market converts to the URV the sooner and more successful the plan's next stage, which includes the creation of the new currency. Then we will be able to rid ourselves of high inflation rates. We will closely follow the next steps, knowing that the obstacles that still must be overcome must be resolved through negotiations on all fronts. That aspect might contain the secret of the plan's success. We believe the country is already mature enough to discuss, at all social and institutional levels, its priority programs and its preferred path to definitively defeat this climate of crisis.

Industries expect politicians to be sympathetic to the expressions of support and hopes of all social groups, and will see in the FHC plan not an instrument to gain political mileage but a program of substantial economic changes. This is why the plan's success will depend on our legislators' spirit of public service. Without structural reforms capable of supplementing the FHC plan's weaknesses, we will again risk making the same old mistake, the outcome of which we all know is not at all pleasant.

Central Bank To Monitor Dollar Rate To Set URV

PY0303182694 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Mar 94 p B3

[Article by Aldo Renato Soares]

[Text] Brasilia—As of today, the Central Bank will monitor dollar quotes in order to set the Real Value Unit (URV) close to the dollar value. Gustavo Franco, director of the Central Bank Foreign Department, said on 28 February that the URV will be the Central Bank's dollar sale indicator. "If the dollar reaches a specific value, which will be the URV, the Central Bank will begin selling dollars," he explained. That will be the basis of the exchange policy, which will keep the dollar and the URV at the same value, preventing shifts between both currencies.

Economic team members believe the level of Brazilian cash reserves (immediately available)—of $33 billion—permits implementation of the exchange policy.

Economic Policy Secretary Winston Fritsch said on 28 February that "with such a reserve level, I do not think anyone should challenge the Central Bank." In practice, the exchange level will be coupled with the URV. "The exchange rate will follow the URV," Finance Ministry Executive Secretary Clovis Carvalho has said.

Central Bank President Pedro Malan denied that the dollar has been adjusted below inflation for the last five months. "This has not happened with the IPC [consumer price index], the IGPM [average general price index], and the IPCA [expanded consumer price index], which are used for calculation of the URV," he said. Malan blamed such reports on exporters.

Cardoso's Possible Presidential Candidacy Viewed

PY0403144194 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Mar 94 p A4

[Article by Jose Casado and Marta Salomon]

[Text] One problem that President Itamar Franco and Finance Minister Fernando Henrique Cardoso still are unable to solve is who will carry on with the plan to stabilize the economy after 2 April, the deadline for candidates to resign from their executive branch positions.

Finance Minister Cardoso has not been able to give an objective answer to questions about his future—as a minister or a candidate—since the rules to control inflation were released 48 hours ago.

He chose to remain ambiguous. "You are talking as if I were irreplaceable," Cardoso said ironically early yesterday morning. Then he rambled: "If I wanted to run I would have done what was easiest: freeze prices, increase salaries..."

Pressure on the minister from inside and outside the government to run is growing. The pressure is directly proportional to the belief that, with the plan, the election will coincide with a process of a substantial drop in the inflation rate.

In the PSDB [Brazilian Social Democracy Party]—the minister's party and the government's main supporter in Congress—the consensus is that there are no alternatives to Cardoso's candidacy and that right now, when the plan has just been released, is the right time to begin organizing the campaign in the streets.

The beginning of a movement within the party to put Tasso Jereissati—PSDB president, former Ceara governor, and one of Cardoso's strongest allies—at the head of the Finance Ministry is already noticeable.

Jereissati is a former almost-minister. He was announced as the finance minister during the Jose Sarney administration, replacing Dilson Funaro, who had resigned. Funaro was the creator of the Cruzado Plan and is a participant in the current plan's genesis. His nomination, however, was vetoed by the most important PMDB leader of the time, the late Ulysses Guimaraes.

Cardoso has a seductive scenario in front of him. The ingredients are the real prospect of an improvement of his public image in conjunction with an anticipated drop in the inflation rate. He has also been receiving signs of

a genuine possibility of mounting a broad multiparty alliance to support his candidacy.

It would be a renovated version of the extinct Democratic Alliance. In it, the minister-candidate's PSDB would join forces with the PFL [Liberal Front Party] of Bahia Governor Antonio Carlos Magalhaes [ACM], the anti-[Orestes] Quercia PMDB [Brazilian Democratic Movement Party] faction, important factions of the PPR [Progressive Renewal Party] of Paulo Maluf, the PTB [Brazilian Labor Party], and the PP [Popular Party].

The main target would be candidate Luis Inacio Lula da Silva of the PT [Workers Party], who has been the favorite in all surveys on presidential succession for more than a year.

The Bahia governor—the main PFL leader—has been talking about the issue with influential PSDB leaders such as Ceara Governor Ciro Gomez.

On 1 March in Congress, ACM allies tried to include on today's voting agenda a constitutional amendment that not only would have extended the deadline for the incompatibility of governors and mayors, but also would have included ministers.

Lula's PT already has perceived such behind-the-scenes maneuvers and started discussing how to prevent the economic plan from becoming an electoral jumping board for Cardoso by facilitating an alliance of the PSDB with center-right factions. The alliance Lula wants and needs most is precisely one including the minister's party.

The finance minister, in turn, decided to make time (days). He needs another Cardoso at the Finance Ministry and also a minimum period to make sure that the URV and the real will leave the drafting board the way it was planned.

PSDB, PFL Seek Alliance on Cardoso Candidacy

PY0503150294 Rio de Janeiro O GLOBO in Portuguese 2 Mar 94 p 3

[By Luiz Carlos Azedo]

[Text] Sao Paulo—Talks are under way between the leaders of the Brazilian Social Democracy Party [PSDB] and the Liberal Front Party [PFL] to set up a broad alliance to launch the candidacy of Finance Minister Fernando Henrique Cardoso for president of the Republic and of Deputy Luiz Eduardo Magalhaes, leader of the PFL-PTB [Brazilian Labor Party]-PSC [Social Christian Party] bloc in the Chamber of Deputies, for vice president. Yesterday in Sao Paulo, PSDB bloc leader Deputy Jose Sierra spent the morning trying to persuade Senator Mario Covas, leader of the PSDB bloc in the Senate and candidate for governor of Sao Paulo State, that the alliance is possible and essential for the country. Covas opposes the alliance because he feels that the PSDB and the PFL are ideologically incompatible.

Covas' major point of concern is the situation in Bahia State, where the PSDB members are diehard opponents of Governor Antonio Carlos Magalhaes, the father of Deputy Luiz Eduardo and sponsor of the Cardoso-Magalhes slate. Ranking PSDB members in Bahia such as Waldir Pires, Jutahy Junior, and Salvador Mayor Lidice da Mata—who are in favor of setting up an anti-Antonio Carlos Magalhaes front—are against the proposed PSDB-PFL alliance. Senator Jutahy Magalhaes has warned Covas that such an alliance would cause the PSDB in Bahia to implode.

The economic team would be delighted with a PSDB-PFL alliance, on which some PSDB sectors have been working from the outset of negotiations over the stabilization plan. The chances for this alliance to materialize have improved following the outcome of the latest PFL meeting last week when Governor Antonio Carlos Magalhaes described as hasty the launching of his candidacy and endorsed the idea of an alliance with the PSDB.

Deputy Jose Anibal (PSDB-Sao Paulo) said: The PFL has worked with the PSDB and has contributed far more closely to making Finance Minister Cardoso's economic policy a success than the PMDB [Brazilian Democratic Movement Party] and the PT [Workers Party]. Aware of this situation, Governor Magalhaes made his move.

Encouraged by the positive reaction to the proposal, PFL President Jorge Bornhausen yesterday met with Deputy Luiz Eduardo Magalhaes and with Senator Marco Maciel to discuss the issue and the position the PFL should adopt from now on. Yet, he is elusive about all this.

Bornhausen said: The three of us always work together. Based on a decision made at the PFL meeting in Recife, we are going to tour the country until 25 March to sound out the feelings of leading PFL members. We have contacted the PSDB and Minister Cardoso and the possibility of a PSDB-PFL alliance has always been considered but never pursued. Thus far we have not received any formal proposal from the PSDB to this effect.

Governor Declares Himself 'Obvious' PFL Candidate

PY0403124194 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Mar 94 p A4

[Text] Salvador—Bahia State Governor Antonio Carlos Magalhaes has admitted for the first time that he is becoming the PFL's [Liberal Front Party] obvious presidential candidate. He made it clear, however, that his candidacy is negotiable and may be exchanged for an alliance. He said: "Each party cannot have its own candidate, and people should not consider themselves invincible just because they may have respectable aspirations. Right now the nation comes first."

This was the tone of Magalhaes' speech at the opening of the 1994 Bahia State Legislative Assembly sessions. On 1

March, the governor stayed in touch with Brasilia throughout the day. He believes the fate of the constitutional amendment, which could change the requirement for people in executive positions like his to resign from them in order to run for president, will be decided in the next 48 hours.

The governor said he is not working to push the amendment through and that all parties will be free to vote as they please. Magalhaes recalled, however, that the Constitution had reduced the terms of office for governors who took over on 15 March 1991. He explained: "The proper thing to do would be to restore the lost portion, and one way of doing this would be by approving the amendment that will extend the deadline by which presidential hopefuls must resign from their executive positions. It also would be nice if reelections were possible because if that were to happen Brazil would witness something unprecedented in Bahia State: the lack of candidates willing to compete with me for the governorship."

Poll Shows Cardoso Candidacy Gaining Strength

PY0403185494 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Mar 94 p A6

[From the "Estadao Column" by Cristiana Lobo]

[Text] A recent poll shows a substantial growth in [Finance Minister] Fernando Henrique Cardoso's candidacy for the presidential race: He moved from 6 percent, a level at which he remained stable for some months, to 12 percent of the electoral preference, climbing to third place in this race.

PT [Workers Party] candidate Luiz Inacio Lula da Silva still is the favorite, even though he lost 3 percentage points: He fell from 30 to 27 percent of the votes. PPR [Progressive Renewal Party candidate] Paulo Maluf remains in second place with 17 percent of the electoral preference.

After this poll, the PSDB [Brazilian Social Democracy Party] will press Fernando Henrique Cardoso even more to leave his post by the end of the month in order to run for Itamar Franco's job. Meanwhile, the PSDB says the decision remains with the minister himself.

Senator Mario Covas said: "Fernando will entirely let events take their course. He is a man with public spirit. Thus, he will decide if he stays or leaves. He is not a vulgar opportunist."

President Itamar Franco's advisers already are acquainted with the poll. During the past few days, Franco has discussed this issue with politicians and has begun to consider a replacement. The PSDB is very interested in this issue because the economic program's success depends on Cardoso's management.

Record Agricultural Harvest Expected This Year

PY0403161494 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 4 Mar 94

[Text] This year's agricultural harvest will be approximately 7 percent higher than last year's, according to an IBGE [Brazilian Institute of Geography and Statistics] survey.

It is estimated that 74 million metric tons will be harvested this year, which represents a new national record. According to IBGE experts, seven of the eight products included in the survey will have a good harvest.

Roundup of Economic Reports

PY0403145894

[Editorial Report] The following is a compilation of reports on economic activities in Brazil monitored through 3 March.

On 24 February, the Industry, Commerce, and Tourism Ministry reported that record Brazilian imports last year valued at $25.1 billion included capital goods, raw materials, and intermediary products with 71.29 percent; consumer goods, 12.81 percent; and oil and lubricants, 15.9 percent. (Sao Paulo GAZETA MERCANTIL in Portuguese 25 Feb 94 p 3)

Brazil's proven oil reserves were 3.8 billion barrels in 1993, 5.5 percent higher than in 1992. Natural gas reserves went from 136.7 billion cubic meters to 137 billion cubic meters. (Sao Paulo GAZETA MERCANTIL in Portuguese 25 Feb 94 p 20)

The Brazilian trade balance registered a 7.68 percent drop in January, with exports at $2.749 billion, a drop of 3.17 percent, and imports at $1.788 billion. (Sao Paulo GAZETA MERCANTIL in Portuguese 25 Feb 94 p 3)

Brazilian exports to Spain, Bolivia, Paraguay, the United States, and Russia registered a significant increase in January despite a 3 percent drop in total sales compared with January 1993. Exports to Spain rose 45.5 percent; to Bolivia, 48.7 percent; to Paraguay, 43 percent; to the United States, 19.9 percent; and to Russia, 118 percent. (Madrid EFE in Spanish 2031 GMT 25 Feb 94)

The Brazilian Iron and Steel Institute reported that national steel production totaled 2.13 million metric tons in January, an increase of 6.8 percent compared with the same month last year. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 26 Feb 94 Section 2 p 2)

The Congressional Investigating Committee, CPI, discovered a fraud scheme involving private companies' debts to the National Social Security Institute, INSS. According to the CPI, Argentine Cesar Arrieta is mainly responsible for the fraud that caused a $1.5 billion loss to the institution. The CPI, which has been investigated the diversion of funds from the INSS for seven months, estimates that the irregular payment of pensions in Rio

de Janeiro caused other $1.5 billion loss. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 28 Feb 94)

Mines and Energy Minister Israel Vargas announced on 2 March that the Brazilian Petroleum Corporation, Petrobras, has discovered four new oil fields that will increase the country's oil reserves by 1 billion barrels. Vargas said the new fields will be producing more than 200,000 barrels of oil per day in three to four years. (Brasilia Voz do Brazil Network in Portuguese 2200 GMT 2 Mar 94)

Chile

Documents on Chemical Weapons Seminar Released

PY0503032094 Madrid EFE in Spanish 2110 GMT 3 Mar 94

[Text] Santiago, 3 Mar (EFE)—The Latin America and Caribbean countries are making progress toward the establishment of national authorities that will prevent the production, transportation, and trade of chemical weapons in the area.

The Chilean Ministry of Foreign Affairs today released the documents produced by the last regional seminar on this subject, which was held in Santiago last September.

The report stresses that each country must establish a national authority that will prohibit in their respective territories or in any place under their control the existence of chemical weapons, trade in elements for their manufacturing, or research to develop this kind of war materiel.

The documents point out that countries like Argentina, Cuba, Chile, Mexico, and Venezuela are concerned with preventing impediments to economic and technological development in the area, and with establishing solid bases for trade in chemical substances not suitable for war use.

Supreme Court Orders Brazilian Citizen's Release

PY0403221894 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1700 GMT 4 Mar 94

[Text] Tania Maria Cordeiro, a Brazilian citizen, was notified this morning of her release from prison, after having been held in custody for nearly a year.

Soon after 1000 local time [1600 GMT], Cordeiro was taken from Rengua Penitentiary to Rancagua Courthouse, where she was officially notified of the Supreme Court ruling granting her release.

Cordeiro was arrested by Investigative Police personnel in March on charges of participating in the holdup of a telephone company at Graneros together with two other persons.

During an exclusive interview with the "24 Hours" news program, Cordeiro reiterated that she had been tortured and raped at the First Investigative Police Precinct. Judge Alejandro Solis was appointed to investigate her case. The result of the investigation conducted by Judge Solis proved that there was no concrete evidence to support Cordeiro's charges against the Investigative Police. Despite this, eight policemen have been indicted for arbitrary detention, psychological harassment, and counterfeiting documents.

Colombia

Technical Investigations Corp Director Murdered

PA0603192894 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1800 GMT 6 Mar 94

[Report by Jose Penagos; from the "NTC News" newscast]

[Text] Luis Fernando Correa, regional director of the Technical Investigations Corp of the Medellin Public Prosecutor's Office, was murdered at 1030 today in (Calasasa), Medellin. The investigator was intercepted by several men traveling in a white Renault Nine.

Correa was in charge of escorting Nicolas Escobar, son of Roberto Escobar, out of the country; he also personally directed the transfer of Pablo Escobar's family to Santa Fe de Bogota.

Correa was going to pick someone up at this residence in western Medellin when two cars intercepted him; one of them was white, a Renault, with no particular characteristics, which is being sought, particularly in western Medellin, by the authorities.

Attorney General on Negotiations With Traffickers

PA0403214894 Santa Fe de Bogota EL TIEMPO in Spanish 26 Feb 94 p 10A

["Text" of letter from acting Attorney General Maruicio Echeverri to Prosecutor General Gustavo De Greiff on 25 February]

[Text] Per the conversation we had this morning in which you voiced your concern about a statement I allegedly made saying this office would stop participating in the surrender to justice process of persons allegedly linked to drug trafficking in Valle del Cauca, allow me to clarify:

The Attorney General's Office will not dissociate itself from the process inasmuch as Article 44 of Law 81, 1993, establishes a clear and legal obligation to directly participate in each of the criminal cases that could begin against people who request benefits for effectively collaborating with justice, according to the terms established in Law 81.

It is obvious that the presence of the Attorney General's Office, in the conversations that have taken place so far, only seeks to learn about the circumstances surrounding the establishment of bases that could result in the benefits established by the law.

As the legal circumstances may merit, the Office of the Attorney General of the nation will independently define its stand with regard to each case. Yours truly, [Signed] Mauricio Echeverri, attorney general of the nation

Official Says Fight Against Drugs Has Not Failed

PA0403214794 Santa Fe de Bogota EL NUEVO SIGLO in Spanish 27 Feb 94 p 7

[Text] National Drug Directorate Director Gabriel de Vega Pinzon has said that the fight against drug trafficking in the world has not failed because it has not even begun yet in many countries. He did admit that, unfortunately, Colombia continues to be the world's top producer and exporter of cocaine. He rejected the attempt to label the drug cartels as Colombian and complained about the international community's indolence with which it treats our country in the face of this problem while indirectly benefiting from the illegal activities of drug traffickers.

De Vega Pinzon noted that a double standard continues to exist in sectors of the international community because, on the one hand, they try to stigmatize us and call us the big culprits in the drug trafficking problem and, on the other hand, they fail to see their own faults.

He said that despite the cooperation given by some countries, which makes it reasonable to think this evil will be defeated, there are a lot of other countries where the sale of drugs is practically free and where bank secrecy laws are so secure that they pave the way for laundering large amounts of capital from drug trafficking businesses.

He concluded that the pressure Colombia has exerted on the drug trafficking cartels has been so great that they have been forced to expand their organizations to other Latin American countries, many of which do not give the importance Colombia gives to this problem.

Presidential Hopefuls View Drug Trafficking

PA0303232394 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 1 Mar 94

[From the "National Newscast;" speakers identified by caption]

[Text] The International Drug Control Board has pointed out that little or nothing has been done to fight drug trafficking in Colombia. We asked presidential candidates and hopefuls, if elected, how would they confront the problem? How would they fight drug trafficking in the country?

[Begin recording] [Liberal Party presidential hopeful Ernesto Samper] The policy that President Cesar Gaviria has been implementing is the best: demobilizing the drug cartels and subjecting them to the law by offering them a safe prison and a fair trial. Legalizing drugs in Colombia is not viable right now because people might interpret it as granting amnesty to drug trafficking.

[Conservative Party presidential candidate Andres Pastrana] I insist it cannot be legalized. Statistics from the countries that have legalized drugs or from the U.S. states that have legalized marijuana always show that consumption has increased. This is why I insist on education and prevention programs.

[Liberal Party presidential hopeful Humerto De la Calle] I say we should broaden drug trafficking policies to ensure that developed countries, in particular, become more efficient at controlling consumption, money laundering, precursor chemicals, and weapons. [end recording]

Unidentified Aircraft To Be Shot Down

PA0503234394 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 3 Mar 94

[Report by Miriam Ortiz; from the "24 Hours Newscast"]

[Text] The defense minister and the Colombian Air Force commander have decided to provide an explanation concerning the decision to shoot down airplanes which violate Colombian airspace.

Let us investigate when an airplane may be shot down and what attitude Air Force pilots must assume, according to the Aviation Routes and Procedures Manual.

The procedure begins once the airplane is detected by any one of four military radars located at San Andres, Guajira, Araracuara, or Leticia. Normally these planes are tracked from the United States by U.S. AWACS airplanes, which later give the information to the Colombian radar stations. Then, this signal, which is simultaneously received at the National Defense Military Headquarters in Bogota, is analyzed. This is where they verify if the airplane is legally in transit. If this is not the case, they order the closest air base to send A-37, Kfir, Mirage, OB-10, or Tucano fighter planes to intercept it.

When radio communication is not possible, the intercepting aircraft must use the following visual signals: First, move from side to side and turn its navigation lights on and off to warn the airplane it has been intercepted. Second, abruptly move away from the intercepted airplane, making a 90-degree turn upwards to tell it to continue. Third, lower the landing gear leaving the landing lights on. Then raise the landing gear to notify the airplane it must land. Fourth, repeatedly turn all lights on and off. If the airplane does not respond it is shot down immediately.

This norm will be enforced in approximately in 45 days, after the Civil Aeronautics Board notifies all airplane companies.

[Begin recording] [Ortiz] General [Alfonso Abondano, commander of the Colombian Air Force], how can you guarantee the safety of the pilots who will combat these drug traffickers, taking into account that most of the pilots working for drug traffickers have worked for the Air Force or have been Air Force pilots?

[Abondano] We locate the airplanes through the Air Defense's Military Center. Once intercepted, our pilots cannot say they do not have the airplane in sight. [end recording]

According to the defense minister this decision was adopted because approximately 600 clandestine airplanes fly over Colombian territory each year.

Bomb Injures Five At Barranquilla Rally

PA0703034394 Madrid EFE in Spanish 0021 GMT 7 Mar 94

[Text] Santa Fe de Bogota, 6 Mar (EFE)—Authorities reported that at least five people were injured today, Sunday, when two unidentified people on a motorcycle threw a bomb into the "Rancho Tropical" pavilion in Barranquilla, northern Colombia. Senator Fuad Char Abdala had just left the scene when the bomb exploded. According to the polls, Fuad Char Abdala is the Liberal Party candidate who will receive the most votes in the 13 March legislative elections. Char Abdala had presided over the closing ceremony for his political campaign at the aforementioned location.

The "Rancho Tropical" in southern Barranquilla was destroyed by the fire sparked by the bomb. Owner Guillermo Min told the police that he had no enemies, thus he believes that the attack was aimed at Char Abdala. The senator was the development minister between 1988 and 1990 and now hopes to be reelected to the Senate.

Fortunately the bomb was thrown 30 minutes after the political event had ended, and the liberal leader's followers had already left the scene. The five people who were injured sustained minor cuts when several windows were broken. The individuals were taken to a medical center, where it was determined that none had suffered serious injuries.

De Greiff Regrets Church Talks With Guerrillas

PA0503182494 Santa Fe de Bogota EL TIEMPO in Spanish 1 Mar 94 p 9A

[Text] Prosecutor General Gustavo de Greiff says he regrets the fact that members of the Catholic Church are holding permanent talks with the guerrillas. De Greiff was referring to San Gil Bishop Monsignor Leonardo Gomez' admission to having held such meetings.

In statements to the Colmundo Radio Network, the official said: "I think it is regrettable that a bishop has become a mailbox for subversives."

The prelate said on 24 February that he met "with the FARC [Revolutionary Armed Forces of Colombia] 23d Front." He also said this guerrilla organization "did not perpetrate some crimes attributed to it in Velez Province; paramilitary groups did."

De Greiff responded to those statements. When asked about the legal repercussions for such actions, he said that "one characteristic of the state of law is that no one is above the law, not even the most dignified person. No one can feel free to dictate his own behavioral guidelines."

De Greiff added: "If the law that Colombians have approved forbids talking with subversives, then everybody must obey it: the president of the Republic, the bishops, and even the most humble Colombian."

Two months ago, on 17 January, Santander authorities blamed the 23d Front for perpetrating a bloody and vicious attack on the Florian community that left five policemen dead.

On August 1993, the National Committee of Victims of the Guerrillas [Comite Nacional de Victimas de la Guerrilla] (Vida), headed by lawyer Fernando Vargas, personally filed charges against Bishop Gomez at the Prosecutor General's Office for allegedly being an accomplice to and aiding and abetting the subversives.

Church Clarifies Conduct

PA0603144194 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 5 Mar 94

[Report by Raul Gutierrez; from the "24 Hours" Newscast]

[Text] Monsignor Pedro Rubiano, Bishops Conference president, has issued an official communique on behalf of the Catholic Church regarding the confrontation between bishops and the Prosecutor General's Office. Monsignor Rubiano sent a letter to Government Minister Fabio Villegas and Prosecutor General Gustavo de Greiff today to clarify the conduct of certain bishops in Apartado and San Gil.

This communique has been issued at a time when the prosecutor general has questioned recent contacts between several bishops in various regions of the country with subversive groups, particularly the Revolutionary Armed Forces of Colombia and the National Liberation Army. The church has assumed a position, and the government, specifically the prosecutor general and the attorney general, another. Here is Raul Gutierrez with a report:

[Begin recording] [Gutierrez] In his letter to Villegas, Monsignor Rubiano asks him to indicate before the

Bishops Permanent Committee how the bishops' conduct has interfered with the peace process or the justice system.

[Rubiano] Bishops do not collaborate with guerrillas; what we try to do is accomplish a mission, namely, to make room so that Constitutional Article 22 is complied with.

[Gutierrez] In his letter to Prosecutor General de Greiff, Monsignor Rubiano asks him to draw a line to separate pastoral duties from politics. Meanwhile, Manizales Bishop Monsignor Jose de Jesus Pimento said de Greiff was too hasty.

[Pimento] It was all a mistake by Prosecutor de Greiff, who has expressed his political view. The bishop he has mentioned has engaged in pastoral talks. He works in a very difficult area and has talked with the guerrillas to urge them to change their attitude.

[Gutierrez] The Government Minister will meet with the bishops during the week of 7 March. [end recording]

Ministers Say 'Democracy Plan' Guarantees Elections

PA0703040794 Madrid EFE in Spanish 2302 GMT 6 Mar 94

[Text] Santa Fe de Bogota, 6 Mar (EFE)—The Colombian Government today guaranteed that elections would be held on 13 March despite recent disruptions of public order. Government Minister Fabio Villegas Ramirez and Defense Minister Rafael Pardo Rueda both made statements to that effect. Defense Minister Pardo Rueda said the executive branch can guarantee that elections will be held thanks to the implementation of the "Democracy Plan." Effective today, at least 52,000 members of the Colombian Armed Forces will participate in the "Democracy Plan" to reinforce security at all strategic locations, political campaign headquarters, and public buildings. Many parts of the country that have experienced public order problems in the past few weeks will be given special protection.

Minister Villegas urged Colombians to vote, noting that "the best way to face violence is by going to the polls, which will strengthen democracy."

The Army, Air Force, Navy, and police force will participate in the "Democracy Plan."

Defense Minister Pardo Rueda said "the rebels are not capable of stopping the elections. They are only trying to cause alarm and make their presence known through their barbaric actions." Pardo Rueda added that guerrilla actions during the past few weeks, such as placing mines in agricultural areas, "have been irrational." The defense minister admitted that the kidnapping of congressional candidates, mayors, and other leaders, along with clashes in some parts of the country, have disrupted public order. Nevertheless, the government "has not had to postpone or cancel elections anywhere in the country," he added.

Colombians will go to the polls on 13 March to elect 163 representatives and 100 senators.

In addition, the Liberal Party will hold a consultation to choose its candidate for the May elections among seven presidential hopefuls.

Roundup of Electoral Developments 3 Mar

PA0303161294

[Editorial Report] The following is a compilation of reports on developments related to the Colombian elections scheduled for 8 May 1994; source follows in parentheses after each item.

According to a poll by EL TIEMPO and the National Advisory Center (CNC) conducted from 6 to 10 February in 22 cities, Liberal Party (PL) candidate hopeful Ernesto Samper Pizano is ahead with 39 percent of the votes while Andres Pastrana Arango, of the New Democratic Force (NDF), follows with 32 percent. (Santa Fe de Bogota EL TIEMPO in Spanish 20 Feb 94 pp 1a, 6a)

Samper Pizano has proposed all political parties, social movements, and candidates running for office should "join in an antiviolence crusade." He added the flare-up of violence is aimed at "frightening the country and preventing the 13 March elections." (Santa Fe de Bogota EL NUEVO SIGLO in Spanish 23 Feb 94 p 7a)

Both Pastrana Arango and Samper Pizano continue to campaign in Antioquia and Cauca Departments, explaining their economic and social proposals. Both candidates are fighting for women's vote as they announced programs to give women a more active role in society and to protect children in the poorer areas. (Santa Fe de Bogota EL NUEVO SIGLO in Spanish 25 Feb 94 p 7a)

Senator Regina Betancur de Liska, presidential candidate from the Metapolitical Unitary Movement, began yesterday a tour of the country in Leticia, Amazonas Department. (Santa Fe de Bogota EL NUEVO SIGLO in Spanish 24 Feb 94 p 6a)

Meanwhile, Humberto de la Calle Lombana, PL candidate hopeful, has said there is no way to keep nonparty members from voting in the PL party convention slated for 13 March. When asked if he would accept being the vice president running mate for Pastrano Arango, de la Calle Lombana answered: "I believe I am going to become the president of the Republic, and I am not hoping for any consolation prizes." (Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 3 Mar 94)

Foreign Ministry Denies Negative Placet Given to U.S. Envoy

PA0403200894 Santa Fe de Bogota EL NUEVO SIGLO in Spanish 27 Feb 94 p2

[From the "Capsules" column]

[Text] There is great discontent over the Clinton administration's appointment of Myles Frenchette as the new U.S. ambassador to Colombia. Frenchette was responsible for the failure of the Coffee Pact, which harmed the country greatly. In addition, the Brazilian Government did not accept him as ambassador. Despite press reports, the Foreign Ministry has denied the placet was given to this enemy of the world's coffee growers.

Mines Minister Denies Oil Agreement With Cuba

PA0603132294 Mexico City NOTIMEX in Spanish 1912 GMT 5 Mar 94

[Text] Santa Fe de Bogota, 5 Mar (NOTIMEX)—Colombian Mines Minister Guido Nule denied today any agreement had been signed with Cuba on oil matters, but he said the terms to formalize "a possible commercial agreement for the sale of crude" are being studied.

The government of President Cesar Gaviria announced last week it would supply Cuba with approximately 20,000 barrels of oil daily under normal trade conditions and at international market prices.

The Colombian decision has caused uneasiness among the Miami-based Cuban community, which has agreed to stage protest marches in Florida and block products from that South American country that are sold in U.S. stores.

In a preliminary reaction, approximately 30 anti-Castro exiles demonstrated in front of the Colombian Consulate in Miami yesterday to voice their disconformity with the aid Gaviria's administration is giving to Fidel Castro's government.

Colombia cannot subject or condition its international trade policy to public demonstrations, Nule stated at a news conference this afternoon, referring to the protests initiated yesterday by Cuban exiles in Miami.

"I do not think Colombia can subject or condition its policy to public demonstrations," the minister said, insisting Cuban exiles have "a high sensitivity, and one must understand it."

Nule said any operation carried out with Havana "will be carried out within the strict practices of international trade."

"There is no agreement at this time, and we are only studying the terms of a possible agreement, such as payment guarantees, volume, and quality," he explained.

Cuba is an important market, and Colombia cannot see any reason why it cannot sell fuel to the Caribbean island, according to the minister.

Ecuador

Foreign Ministry Summons U.S. Envoy on Remarks

PA0303185694 Madrid EFE in Spanish 1711 GMT 3 Mar 94

[Text] Quito, 3 Mar (EFE)—Ecuadoran Foreign Minister Diego Paredes today summoned U.S. Ambassador Peter Romero to explain the controversial remarks he made on how Ecuador should handle its territorial dispute with Peru. Paredes made the announcement at a breakfast meeting with several journalists. He said that after hearing Romero, the Foreign Ministry will adopt whatever diplomatic measures are warranted and issue a communique. "Ecuador is very respectful of the internal situations of other countries and expects the same treatment," he noted.

During an interview with the newspaper EL TELEGRAFO of Guayaquil, Ecuador, the U.S. ambassador had remarked that "Ecuadoran people are not prepared to recover their territory by the use of arms." "Thank God they don't want to. One must accept what happened and try to take advantage of trade and other topics to promote the unity between the two peoples and to progress," Romero added.

Regarding the Peruvian-Ecuadoran war of 1941 and the peace agreement signed a year later—the Rio de Janeiro Protocol that Ecuador later declared "inapplicable"—Romero said "we must set aside the criterion of considering fair or unfair what happened 50 years ago at the border between the two countries." We must accept what happened and go on from there, the diplomat stated. He said he did not know if the Ecuadoran land dispute is fair or unfair.

These statements caused quite a reaction in Ecuador, starting with the participation of the influential Association of Retired Generals and Admirals of the Armed Forces (Retired) which described Romero's words as "unheard of and inadmissible." The association claims that ever since he arrived in Quito several months ago, the ambassador "has engaged in the ungrateful task of advising Ecuadoreans about state modernization, aggressive privatizations, foreign debt payments, and giving state opinions about coups d'etat, appointments," and other internal affairs.

A bulletin issued by the association, whose voice reflects the opinion of the Armed Forces, says the ambassador is now "advising us to forget about territorial rights, which are inalienable and unpostponable, offending the most intimate patriotic feelings of Ecuadoreans." "It is surprising the Foreign Ministry does not defend the principle of nonintervention and allows a diplomat to violate

his 'status' and to express an opinion as any other politician about internal affairs of the country," the document states.

According to the retired generals and admirals, when Romero says that Ecuador cannot recover the territory it lost to Peru, "it is stating that at the beginning of the 21st century it remains the only means to solve international problems."

When the ambassador said he does not know if the claim (of this country) is fair or unfair, he is forgetting that Ecuador was sacrificed (in the 1942 peace agreement) everything because of a misunderstood continental solidarity," the text states.

The United States, Argentina, Brazil, and Chile are signatories of the Rio Protocol and the Association claims that, therefore, the U.S. ambassador should be "more cautious about what he says." The U.S. Embassy has not issued an official response to the communique by the retired military or to the Foreign Ministry summons.

Foreign Ministry May Take Action

PA0503010394 Quito Voz de los Andes in Spanish 2300 GMT 4 Mar 94

[From "the Voz Andes Newscast"]

[Text] The Ecuadoran Foreign Ministry will take whatever diplomatic measures are warranted with regard to U.S. Ambassador Peter Romero's remarks on the Peruvian-Ecuadoran territorial dispute. The Foreign Ministry made this statement after Foreign Minister Diego Paredes met with the U.S. diplomat, who was summoned to explain the remarks he made in an interview published by the Guayaquil press. The diplomat said that the Ecuadoran people are not prepared to recover their territory by the use of arms.

The official Ecuadoran statement after the meeting limited itself to reporting that the ambassador had been called for consultations. Paredes indicated that his office will adopt whatever diplomatic measures are warranted and will issue a communique in this regard. The Ecuadoran foreign minister underscored that Ecuador is very respectful of the internal situations of other countries and expects the same treatment.

Minister on Oil Sector Modernization, Production

PA0503203194 Quito Voz de los Andes in Spanish 2300 3 Mar 94

[From the "Voz Andes" newscast]

[Text] Dr. Francisco Acosta Coloma, energy and mines minister, says it necessary to develop productive activities in all facets of the electricity sector within a free market system. Francisco Acosta says this new trend will allow the modernization of the electricity sector because it is not fair for the state to reserve for itself the tasks of regulation, normalization, and control when it performs none of these functions under optimum conditions because it does not have adequate resources to update its obsolete equipment.

The energy and mines minister also said that oil production will increase to 400,00 barrels per day this year. This increase in production comes from the (Boyi-Capiron), Tivacuno, (Amo), (Daimi), (Ginta), and (Ori) oil fields operated by the Matsu company, which will produce an additional 16,500 barrels of oil.

Peru

Government Extends State of Emergency in Apurimac

PA0603192994 Hamburg DPA in Spanish 1735 GMT 6 Mar 94

[Text] Lima, 6 Mar (DPA)— The government extended for 60 days the state of emergency in four provinces of Apurimac Department, southeast of Lima, today. The measure, published in the official newspaper EL PERUANO, stated certain constitutional guarantees will be suspended and that the Armed Forces will be in charge of internal order. The decree stemmed from the need to facilitate antiterrorist operations in that department.

DPRK Vice President Heads Visiting Delegation

PY0403211194 Lima EL COMERCIO in Spanish 23 Feb 94 p A4

[From the "Without Confirmation" column by Alfonso Baella]

[Text] Mr. Kim Pyong-sik has been in Lima since 20 February. He is visiting from the DPRK. Mr. Kim Pyong-sik introduced himself as the chairman of the North Korean Social Democratic Party's Central Committee, although this party in reality depends on the communist Korean Workers' Party supporting Kim Il-song's dictatorship. In fact, the strange visitor has also been one of the DPRK vice presidents since his election to this post on 11 December 1993.

During his visit to Lima, Kim Pyong-sik, who arrived with a four-man entourage, met various personalities. His mission in Lima is not exactly known, but it has been leaked that he would afterwards tour Latin America, visiting Ecuador, Uruguay, and eventually Paraguay and Venezuela.

Roundup of Insurgent Activities

PY0403222194

[Editorial Report] The following is a compilation of reports on insurgent activities in Peru compiled from Peruvian papers monitored through 22 February.

On 4 February, 84 repentant Shining Path "terrorists," including 16 women, surrendered to the Cayumba police post near Tingo Maria. (Lima EXPRESO in Spanish 5 Feb 94 p A3)

An Army patrol on 5 February killed two Shining Path "terrorists" during their group's ambush of a bus in a place known as Gargahuain, Chavin District, in Huari Province. The patrol also seized many weapons and ammunition that had been in the "terrorists'" possession. The plainclothes soldiers were traveling on a passenger bus with the objective of preventing any attack by the criminals. (Lima LA REPUBLICA in Spanish 6 Feb 94 p 14)

On 1 February Shining Path "terrorists" ambushed a peasant defense patrol made up of Ashaninka Indians, killing two of them, in the township of Saniveni, Satipo Province. (Lima EL COMERCIO in Spanish 9 Feb 94 p A12)

The National Counterterrorism Directorate, Dincote, on 10 February presented to the press nine "terrorists" who were members of the Shining Path People's Aid of Peru organization. Their arrest prevented a series of bomb attacks in Lima. (Lima EL PERUANO in Spanish 11 Feb 94 p A3)

The Armed Forces Joint Command on 16 February reported that Army personnel in Puno Department had over the past few days arrested seven alleged Shining Path "terrorists" and seized weapons of various calibers, ammunition, explosive devices, military uniforms, and subversive propaganda. (Lima EXPRESO in Spanish 17 Feb 94 p A14)

On 21 February Dincote presented to the press 17 Shining Path "terrorists" in Lima and Tingo Maria. Weapons, grenades, communications equipment, and subversive propaganda in their possession were seized. (Lima EL PERUANO in Spanish 22 Feb 94 p A5)

Dincote personnel arrested four "terrorists," members of a Shining Path "special detachment" that operated in Lima's western zone. They had been involved in the burning of many buses and in truck robberies, among other activities. The leader of the group is Victor Eliseo Jorge Giuffra, aka Ricardo, who was trying to reorganize a "special detachment." (Lima EL COMERCIO in Spanish 22 Feb 94 p A9)

Uruguay

Record Import Level in 1993

PY0403233294 Madrid EFE in Spanish 0848 GMT 27 Feb 94

[By Jorge Figueroa]

[Text] Montevideo, 26 Feb (EFE)—Favored by a "cheap dollar" and low import duties, the Uruguayan public purchased during 1993 a record figure of imported cars, food, drinks, electric appliances, and clothes.

The trend leading Uruguayan companies to purchase imported machinery has continued on a constant basis since 1989, and increased during 1993.

This consumption trend and the preference for foreign products have led Uruguay to end 1993 with a $679 million trade deficit, a historical record.

Exports, which dropped by 3.4 percent, remain stable between $1.6 and $1.7 billion dollars.

The $679 million trade balance deficit is due to a trade opening process combined with a low dollar exchange rate in real terms, which stimulates imports.

Uruguay last year imported $543 million worth of electric machines and appliances; $407 million worth of cars; $1.126 billion worth of textiles and clothes; and $300 million worth of food and drinks.

Many of the imported products competed with local products, making domestic prices drop.

The import of consumer products increased the most (43 percent) during 1993, but capital goods also increased (13 percent), especially in machinery and equipment.

The unequal evolution of inflation (52.86 percent during 1993) and the devaluation of the Uruguayan peso in comparison with the dollar (26.88 percent during the same year) made Uruguayan products less competitive.

This situation, which has stagnated Uruguayan exports, has generated harsh criticism and claims from Uruguayan exporters.

Export volume has remained stable over the last five years, but its composition has changed significantly.

While traditional exports (beef, leather, wool) constituted 45 percent of total exports in 1983, they only constituted 26 percent of total exports in 1993.

Textile products and beef exports, despite a drop of 16 and 19 percent respectively in 1993 in comparison with 1992, continue to lead sales abroad.

As for the principal imports, they continue to be those meant for consumption. Imported car sales hit the record figure of 31,335 in 1993, which is 68 percent more than 1992. Food and drink imports increased by 43 percent.

Consumer goods imports increased by 315 percent over the past four years, while capital goods imports increased 144 percent.

Brazil became Uruguay's main trade partner in 1993, as Brazilian exports to Uruguay increased by 30 percent while Uruguayan exports to Brazil increased by 24 percent, thus surpassing Argentina which up until now had been Uruguay's main trade partner.

Imports from the United States dropped by 16 percent in 1993. Imports from the European Union dropped by 20 percent, while those from the rest of Europe dropped by 37 percent. Asian imports dropped by 11 percent during the same year.

Roundup of Economic Reports

PY0403034294

[Editorial Report] The following is a compilation of reports on economic activities in Uruguay monitored through 3 March.

The Central Bank has reported that the Uruguayan public sector's gross foreign debt increased $33 million, or 0.8 percent, and that the net foreign debt dropped 4.1 percent in the first 11 months of 1993. The gross foreign debt was $4.1688 billion late in November, $35 million less than late in October, because of a drop in the public financial sector's debt. (Madrid EFE in Spanish 2010 GMT 24 Feb 94)

The National Statistics Institute on 2 March reported that the consumer price index rose 1.43 percent in February, the lowest monthly rate since December 1987. The cumulative inflation rate for the last 12 months was 48.96 percent, the best rate since April 1984. Health care registered the highest increase, with 3.93 percent; housing 2.19 percent, and recreation 1.77 percent. (Madrid EFE in Spanish 2112 GMT 2 Mar 94)

Venezuela

Caldera, Brazil's Franco To Increase Cooperation

PA0503223594 Caracas Venezolana de Television Network in Spanish 2350 GMT 4 Mar 94

[From the "The News" newscast]

[Text] Brazilian President Itamar Franco and Venezuelan President Rafael Caldera agreed, during a meeting held at La Guzmania presidential residence, to increase bilateral cooperation and fully use consultation and political dialogue mechanisms.

The two presidents decided to create a high-level binational commission that will be chaired by their foreign ministers and comprised of the ministers in charge of bilateral cooperation issues. The presidents also agreed to hold the second meeting of the Venezuela-Brazil political consultation mechanism in our country. Furthermore, they issued instructions to authorities in the foreign trade sector to assess and step up the negotiations to reach an economic complementation agreement within the ALADI [Latin American Integration Association] framework.

Even though no agreements were signed in the meeting, it helped establish the groundwork for common projects in different sectors. In the highway sector they agreed to finish highway BR-174 and to broaden a land transportation agreement. In the electric sector they reached an agreement for the purchase of Venezuelan energy. In the hydrographic sector the topic was navigability between the Orinoco and Amazon Rivers. In the mining sector they will work jointly to protect Indians at the border area. In the ecology sector the issue was ecological tourism in a joint action to recover areas degraded by illegal miners. In the steel works sector the SIDOR [Orinoco Iron and Steel Works] furnaces will manufacture iron and manganese alloys.

Later, during a news conference, the Brazilian president said his government is carefully analyzing border problems with our country, adding that neither Venezuela nor Brazil should neglect looking into these issues because they might cause an atmosphere of uncertainty in the relations between the two nations. Moreover, President Rafael Caldera said that following the talks with his counterpart he is fully convinced the current Brazilian Government is clearly inclined to adopt the necessary measures to prevent illegal mining on Venezuelan territory.

[Begin recording] [Franco, in Portuguese] It is clear that the border problem between Brazil and Venezuela will be carefully analyzed. We have a very extensive border with Venezuela, a border that was abandoned by our peoples. Now with the presence of President Rafael Caldera and with the presence of the Brazilian Government, we will be able to study and carefully analyze those aspects which today cause problems in our relations.

[Caldera] I am fully convinced that the current Brazilian Government is clearly inclined to adopt all the measures possible to prevent the garimpeiros' [Brazilian gold seekers] illegal mining activities in Venezuela—both by watching the border and by adopting precautionary measures in the State of Roraima and other border states where they may have their operations centers and by enforcing legal measures through Brazilian courts against those who have perpetrated illegal actions in this area. [end recording]

Referring to the first meeting held between the heads of state of Venezuela and Brazil, Gilberto [as heard] Poletto, minister of state and president of the Foreign Trade Institute, and Andres Velasquez, governor of Bolivar State, agreed that new roads have been opened to strengthen bilateral relations.

[Begin recording] [Poletto] There was talk about stepping up the negotiations to sign an economic cooperation agreement between Venezuela and Brazil because this had been discussed a couple of years ago. This will bolster the partial agreement we currently have, perhaps by adding more products and including some additional norms. The goal is to consolidate and improve trade relations between Venezuela and Brazil, which have recently increased but are still insufficient compared with the immense possibilities we have in different trade sectors.

[Velasquez] Specifically referring to the Brazilians' case, I have had the opportunity to discuss a specific proposal. All the agreements that the Venezuelan Government has to establish with the Brazilian Government should include a specific agreement with the Roraima State Government, because we believe Roraima State has become an excellent supply center, or logistics support center, for illegal miners, meaning the garimpeiros. In addition, this has to be discussed at length because the latest information we have, based on investigations that have been conducted, is that the garimpeiros are not just involved in illegal gold mining activities. They also act as scouts and guard beachheads for drug trafficking activities, and the illegal landing strips built by them are later used for drug trafficking. [end recording]

Joint Communique Issued

PY0503223194 Brasilia Radio Nacional da Amazonia Network in Portuguese 2200 GMT 4 Mar 94

[Text] In the Venezuelan city of La Guaira, the presidents of Brazil and Venezuela released a joint communique this afternoon, confirming the two countries' goal of giving new impetus to their economic and political relations.

[Begin journalist Antonio Carlos Silva recording] At the official residence of La Guzmania here in La Guaira, 30 km from Caracas, the presidents of Brazil and Venezuela, Itamar Franco and Rafael Caldera respectively, released a joint communique this afternoon, confirming the two countries' political willingness to give new impetus 4o their bilateral relations. As part of this effort, they decided to form a bilateral commission, chaired by the foreign ministers of the two countries, to raise common issues. This commission will form work groups to design projects in the electrical, highway, hydrographical, mining, iron and steel, and environmental fields.

The presidents of Brazil and Venezuela proposed that the ministers involved in the commercial area speed up the preparations for signing an economic accord.

They discussed the Brazilian proposal to create a free trade zone, without excluding other current regional integration mechanisms, and decided to continue their talks on this issue.

The two presidents also proposed discussing ways to increase Brazilian purchases of Venezuelan oil. They agreed to promote efforts to develop the border areas, especially the Indian communities.

The joint communique was released at 1230 today after a two-hour meeting between the two presidents.

Presidents Itamar Franco and Rafael Caldera had lunch together and President Itamar Franco then had a free afternoon. He is scheduled to return to Brasilia on 5 March. [end recording]

President Itamar Franco confirmed that by converting wages into URV's [Real Value Units], they will not lose their value. Therefore, he believes that the mechanism proposed by Congress for adjusting wages against inflation is unnecessary.

Following the release of the joint communique, President Itamar Franco held a news conference during which he criticized the activities of oligopolies in Brazil and expressed hope that Congress will improve the provisional measure as far as oligopolies are concerned. Concerning wage policies, he asked that the negotiations be conducted at the ministries and the respective business sectors [camaras setoriais].

President Itamar Franco said the government has nothing to hide. Therefore, there is no reason for the workers to strike when the authorities are open to dialogue. The president added that if the workers demonstrate that the wages are actually losing their value, the government will obviously take this fact into account.

Itmar Franco noted that Finance Minister Fernando Henrique Cardoso's departure from the government, if it occurs, will not hurt the management of the economic program that interests the entire country, not just the government.

Chamber of Deputies Approves Bank Deposit Law

PA0403142794 Caracas Venezolana de Television Network in Spanish 2350 GMT 1 Mar 94

[From "The News" newscast]

[Excerpts] The bill on a special law protecting bank depositors and regulating emergencies in financial institutions was approved today during a second debate at the Chamber of Deputies.

The second debates on the special law lasted approximately 12 hours; it was finally approved at 1230 today, after an agreement was reached on the final procedures.

The law, which has 70 articles, stipulates the titles of Banco Latino depositors will be recognized regardless of the legal body that issued it, as long as the transaction was made at Banco Latino. The law also permits the flexibility of financial aid [auxilio financiero] and expands control of banks receiving financial aid to the point the board of directors can be replaced while assistance is being received. Fogade [Deposit Guarantee Fund] will be responsible for 4 million bolivares. [passage omitted]

The bill approved by the Chamber of Deputies was sent this afternoon to the Senate, where, as the Congress president said, it will be given constitutional urgency; therefore, the Senate debates will begin 3 March.

Finance Minister Explains Tax Collection Changes

PA0403214494 Caracas Venezolana de Television Network in Spanish 2350 GMT 3 Mar 94

[Report by Cecilia Pachano; from "The News" newscast]

[Text] The president hopes that the implementation of the so-called Sosa Plan will bring in 400 billion bolivares. The Sosa Plan comprises five changes to the country's current tax collection system. These changes are: taxes on luxury and wholesale items, which will replace the VAT [Value Added Tax], and modification of laws covering fiscal stamps, tax code, income tax, and a temporary tax on bank debits. All of these will allow the president, according to the finance minister, to collect about 400 billion boliavares and reduce the fiscal deficit to 2 percent of the GNP.

During his talks, Finance Minister Dr. Julio Sosa Rodriguez explained that the tax on bank deposits would be effective only up to 31 December and will yield 75 billion bolivares in six months.

[Begin Sosa recording] It is a type of tax that one would not like to have permanently, but we have seen the results in other countries where it has been applied. Therefore, what we are going to propose is a figure, which I believe when applied for a limited amount of time will not adversely affect savings. [end recording]

The finance minister also expressed satisfaction with the establishment of the fiscal police. According to the Comptroller General's Office, current tax evasion hovers around 70 percent. It is hoped that with this new organization, tax evasion will be reduced to at least 50 percent.

The finance minister also mentioned he did not understand the Senate's objection to Carlos Tinoco's candidacy to head Fogade [Deposit Guarantee Fund]—a candidacy proposed by the president; nevertheless, Sosa said he would heed the decision.

Government Has No Plans To Increase Gas Prices

PA0503021094 Caracas REPORTE DE LA ECONOMIA in Spanish 3 Mar 94 p 16

[Report by Igor Garcia]

[Text] The Venezuelan Government has verified through Energy and Mines Minister Erwin Arieta that it has no plans to increase the price of gasoline this year. Nevertheless, it indicated that no plan is definite and any plan, within a corporate structure, is subject to revision and cost analysis.

The energy and mines minister made this statement when a television reporter asked him about the main aspects of the situation the nation's petroleum industry is going through. The reporter's first question referred to gasoline prices, taking into account that it is one of the causes for the deterioration of Petroven's [Venezuelan Petroleum] revenues and diverse sectors of the national economy have recommended an increase.

Although he said several times that the increase would not be implemented, he hinted that an increase has not been ruled out of the nation's political-economic panorama. Moreover, the minister said Petroven's plans and projects are constantly being reviewed.

When asked about the tax the UK announced for Orimolsion and the restrictions the United States imposed on Venezuelan gasoline exports beginning 1995, he said: "...petroleum is a substance that has global nationality and as such it is a foreign policy issue. Each nation has tendencies to protect their own industry, their own markets," Arrieta noted. The Orimulsion case is different than the U.S. gasoline case. For 30 years, this nation has provided its government with the possibility of levying a tax to protect its domestic industry... currently this is not what is occurring. Reformulated gasoline is another problem.

"Some companies, whose product competes with our gasoline in the United States, claim that our gas does not meet environmental requirements. This is utterly false; we have proven that we are in compliance with the standards established, and we have pointed out that we are being discriminated against.... We are currently holding cordial negotiations, and I am sure the problem will be resolved."

As for Orimulsion, he said there have always been taxes on the import of a number of products. In this case, due to the existence of large coal deposits, an effort has been made to protect this industry by levying a tax. He added, however, that the current negotiations will yield a solution that will benefit the two parties.

As for problems that could arise within the industry regarding investments and expenses due to the dramatic levels reached by the price of oil, Erwin Arrieta, former diplomat and current minister, vowed that plans to maintain the industry's production potential and the expansion of production of some products will not be affected so as to not alter the nation's future income generated by this industry.

The minister was reminded that National Convergence, which helped President Rafael Caldera reach power, did not agree with some association contracts signed during the administrations of Carlos Andres Perez and Ramon J. Velasquez. The Cristobal Colon Project was cited as an example. A Convergence member questioned its authenticity and even took this case to the Supreme Court of Justice to have it repealed.

Arrieta's lengthy explanation included experiences of his 30 years in the oil industry and the absence of an oil doctrine. He recalled a decree issued by Liberator Simon Bolivar in 1829; the decree ratified what the Indian Laws have established for products found in the subsoil. Finally, Arrieta praised the energy ministry's employees, who work tirelessly despite their low salaries.

Five More Officers Involved in Coup Released

PA0603041794 Caracas Venezolana de Television Network in Spanish 0000 GMT 6 Mar 94

[Report by Ricardo Mateus; from the "The News" newscast]

[Text] Rear Admiral Hernan Gruber Odreman, leader of the 27 November 1992 military uprising, as well as four other officers and a civilian were released this morning. They were all beneficiaries of the pardon announced by President Rafael Caldera.

Rear Admiral Gruber Odreman abandoned his sickbed at the military hospital and before going home to continue resting on the recommendation of his doctors, who had performed surgery on him, he stopped to talk to journalists. At that time he justified the military uprisings in many ways. He said his plans were for the president's pardon to benefit him once all the subordinates who accompanied him during the 27 November uprising are released. However, since that is not currently the case, he did not ask for a discharge.

[Begin Gruber recording] Undoubtedly, no one should be afraid. I—and I am sure the same went for my companeros—never had the idea of rebelling against the government. I want to emphatically state, however, that we have always observed the laws and the regulations of the armed institution. We heeded the spirit of Article 28 of the National Armed Forces Law, which more or less states: No one is forced to do more than is demanded of him but in all unforeseen accidents or incidents military officers must join the ranks leading toward the banners that are most fitting for military honor. We, therefore, ask ourselves: What banners are we going to follow? I am referring to the circumstances under which we were forced to rebel. Should we join the black banner of the nation's moral and physical rottenness or the banner of dignity, honor, and justice? That was the feeling and spirit of all my companeros that led us to rebel at that time. I do not believe the same conditions exist under the present circumstances because the leader of the nation is a man in whom all Venezuelans and especially the officers of the National Armed Forces have placed their trust. [end recording]

Later, General Raul Alejandro Salazar, chief of the 3d Infantry Division, pointed out that President Caldera also pardoned the following persons:

[Begin Salazar recording] Today the president of the Republic pardoned Rear Adm. Hernan Gruber Odreman, Aviation Lieutenant Luis Miguel Magallanes Andrades, Aviation Lt. Rafael Arturo Brito, Aviation Lt. Edgar (Cruz) Arteaga, National Guard Lt. Franklin Garcia Duque, and citizen German Robles. [end recording]

Rear Adm. Gruber Odreman said that he is willing to request his discharge from the Armed Forces just as he had announced when he met with the president of the Republic.